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Information reporting website designated by the Securities and Futures bureau :

<http://mops.twse.com.tw>

公司揭露年報相關資料之網址：

The website where the company discloses relevant information in the annual report:

<https://www.eng.tai-nan.com/?lang=zh>

台南企業股份有限公司

TAINAN ENTERPRISES CO., LTD.

一一二年度年報

2023 Annual Report

一、本公司發言人、代理發言人姓名、職稱、聯絡電話及電子郵件信箱

發言人姓名：吳建德

代理發言人：蔡承志

職稱：財務長

職稱：資深經理

電話：(02)2391-6421
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電子郵件信箱：mike_wu@tai-nan.com
warren_tsai@tai-nan.com

二、總公司、分公司、工廠之地址及電話

總公司：台南市歸仁區中山路三段 320 號
電話：(06)230-7911

台北業務處：台北市杭州南路一段 15 之 1 號 15F
電話：(02)2391-6421

台南廠：台南市歸仁區中山路三段 320 號
電話：(06)230-7911

三、股票過戶機構之名稱、地址、網址及電話

名稱：元大證券股份有限公司

地址：台北市大同區承德路三段 210 號 B1

網址：<http://www.yuanta.com.tw>

電話：(02)2586-5859

四、最近年度財務報告簽證會計師姓名、事務所名稱、地址、網址及電話

簽證會計師：田中玉會計師、徐惠榆會計師

事務所名稱：資誠聯合會計師事務所

地址：台南市東區林森路一段 395 號 12 樓

電話：(06)234-3111

網址：<http://www.pwc.com/tw>

五、海外有價證券掛牌買賣之交易場所名稱及查詢該海外有價證券資訊之方式

無

六、公司網址

<https://www.eng.tai-nan.com/?lang=zh>

The name, title, telephone number, and e-mail address of the spokesman or acting spokesman

Name : Mike Wu ; Warren Tsai

Title : Chief Financial Officer ;

Manager of Financial Department

Tel : (02)2391-6421 EXT:123 ;

(02)2391-6421 EXT:197

Email : mike_wu@tai-nan.com ;

warren_tsai@tai-nan.com

The address and telephone number of the company's headquarters, branch offices, and factories

Headquarter : No.320 Sec.3, Chung-San Rd., Kuei Jen Dist Tainan City, Taiwan R.O.C.

Tel : (06)230-7911

Taipei Sales Office : 15F, No.15-1, Sec.1, Han-Chou South Rd., Taipei Taiwan, R.O.C.

Tel : (02)2391-6421

Tainan Factory : No.320 Sec.3, Chung-San Rd., Kuei Jen Dist Tainan City, Taiwan R.O.C.

Tel : (06)230-7911

The name, address, e-mail address, and telephone number of the agency handling shares transfer

Company : Yuanta Securities

Address : B1F., No.210, Sec. 3, Chengde Rd., Datong District, Taipei City 103, Taiwan (R.O.C.)

Web site : <http://www.yuanta.com.tw>

Tel : (02)2586-5859

The name of the certified public accountant who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of said person's accounting firm

Auditors : Tien Chung-Yu /Hsu Huei-Yu

Company : PricewaterhouseCoopers Taiwan

Address : 12F., No.395, Sec. 1, Linsen Rd., East Dist., Tainan City 701, Taiwan (R.O.C.)

Tel : (06)234-3111

Web site: <http://www.pwc.com/tw>

The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities

None

The address of the company's website

<https://www.eng.tai-nan.com/?lang=zh>

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One.A Message to Shareholders

Ladies and Gentlemen:

We can say that 2023 was a turbulent year. The ongoing Russia-Ukraine War and increasingly intensified China-US Trade War, in addition to the Israel-Kazakhstan War, which was born out of nowhere, natural disasters, inflation and the black swan emerging from time to time, caused the inflation to continue globally, thereby delaying the market demand recovery. It is better to say that 2023 as a year of steady progress rather than a tough year, as it accumulated strength with the ups and downs and waited for the year 2024 which is expected to take a leap up.

Operating Performance and Results 2023

In terms of operating revenue and profitability, the Company's annual consolidated operating revenue was NT\$6.5 billion in 2023, a decrease of 13.5% from that in 2022. The consolidated earnings after tax attributed to the parent company was NT\$310 million. Despite the decrease in operating revenue, the Company has implemented the lean program to reduce the sales and management expenses of the factory and practice the lean management of the washing factory/manpower of the headquarters/Shanghai office and achieve significant reduction in air freight from the same period of last year, price negotiation for main business materials and assignment of the mass production operations to the factory premises to save on expenditure. Meanwhile, the production capacity/organization were also adjusted. The Company planned to construct a new factory in Indonesia, namely Tegal, added the new production location in Bangladesh and expanded the suit and jacket production line in Cambodia, in order to increase the income to make the profit sought in 2023 perform better than in the previous year.

Outlook 2024

Looking forward to 2024, the economic outlook is still full of many uncertainties. Various challenges make the corporate management like walking on eggshells. In order to cope with the current state of turbulence and pessimism in the world, the Company is ready to adjust its status, establish new courses of action and prepare for the future as early as possible.

1. Maximization of operating revenue and layout of diversified production locations

In addition to retaining the existing customers, the Company also provides more diversified products to the existing customers at the same time. Additionally, the Company develops new types of customers with higher growth momentum and higher unit price to help maximization of the operating revenue. The additional new production location set up in Bangladesh helps make the price more competitive, improve the cooperative scale of the regional supply chain, vertical integration and efficiency, and accelerate the flexibility and response speed to meet customer needs, expand production capacity and increase operating revenue.

2. Streamline costs

In response to the era of low profits, in addition to maximizing operating revenue, the headquarters/factory premises implement various cost control measures to improve the profitability.

3. Digitalization and Talent Training

Improving the level of digitization of the value chain and introducing innovative applications proactively, such as the R&D and implementation of various automated equipment and application of AI algorithms, in order to establish a high-performance and digitized operating mechanism and system, improve the management performance and attract fine-quality employees.

4. ESG

In accordance with international standards, the Company focuses on promotion of the environmental sustainability projects, including installation of additional solar panels, completion of carbon inventory, establishment of the energy management mechanism and implementation of energy conservation measures and sets the goals to promote progress to achieve carbon reduction and keep improving its competitiveness in ESG.

The Company upholds the core values of passion, customer relationship and collaboration to call on all to grow together as one!

Chairman Yang Ching-Hon



General Manager Hsieh Yiu-Chin



Accounting Officer Tsai Chen-Chih



Two. (Company Profile)

1.Founded Date : Aug. 26 1961		
2. Company's Chronicle		
Aug.	1961	Tainan Enterprises Co., Ltd. was founded by Mr. Kun-Mao Yang with initial investment capital of three million TWD
	1962	Established Taipei Office
Mar.	1984	Increased the capital to fifty million TWD
Jul.	1988	Increased the capital to sixty-one million three hundred and fifty thousand TWD
Jul.	1988	Mr. Ching-Hon Yang (Tony Yang) was elected to be the chairman of Tainan Enterprises Co., Ltd.
Sep.	1988	Pingtung plant and Neypu plant were combined to form Pingtung Plant
Sep.	1989	Increased the capital to one hundred and twenty million TWD
Mar.	1991	China-Yixing Yifeng Garments Co., Ltd. started production
Oct.	1992	Increased the capital to one hundred and ninety-five million TWD
Aug.	1993	Amount of investment capital increased in PT Tainan Enterprises Co., Ltd. (Indonesia)
Nov.	1993	Established "Tony Wear" and started to sell in China
Jul.	1994	China-Yixing Gaoqing Garments Co., Ltd. was inaugurated
May.	1996	PT Tainan Enterprises Co., Ltd. (factory 2) started production
Jul.	1996	Be Publicly Issued Company
Jul.	1996	Increased the investment capital in B.V.I. Tainan Enterprises Co., Ltd.
Aug.	1996	Increased the capital to two hundred forty-five million nine hundred thousand TWD
Jul.	1997	Increased the capital to two hundred ninety five million seventy thousand TWD
May.	1998	Increased the capital to three hundred eighty-three million six hundred thousand TWD
Aug.	1998	Tai Yang Enterprises Co., Ltd. (Cambodia) started production
Feb.	1999	Indirectly Invested in "Tainan Enterprise(Cayman) Co.,Ltd"
Apr.	1999	Started listed on "Over the counter" (O.T.C.)
Aug.	1999	Increased the capital to six hundred seventy-five million four hundred thousand TWD
Oct.	1999	Tai Yang Enterprises Co., Ltd. (Factory 2) started production
Mar.	2000	Tainan Enterprises Co., Ltd. (El Salvador) started production
Mar.	2000	Tainan Enterprises (USA) Co., was established
Aug.	2000	Increased the capital to nine hundred forty-eight million three hundred sixty thousand TWD
Sep.	2000	Officially listed on the Taiwan Stock Exchange
Jul.	2001	Increased the capital to one billion one hundred sixty million nine hundred thousand TWD
Jul.	2002	Increased the capital to one billion two hundred twenty-three million nine hundred fifty thousand TWD
Mar.	2003	Acquired a local brand-Jiarjia
Apr.	2003	Combined kao Ching Factory with Ping Tung Factory
Jul.	2003	Increased the Capital to one billion two hundred twenty-eight million nine hundred fifty thousand TWD
Jan.	2004	Tainan Enterprises Co., Ltd. (El Salvador) finished dissolution
Mar.	2004	Issued European Convertible Bonds Twenty Millions USD
Apr.	2004	Guanjia (Shanghai) Fashion Co.,Ltd Brand「Emely」to sell in china

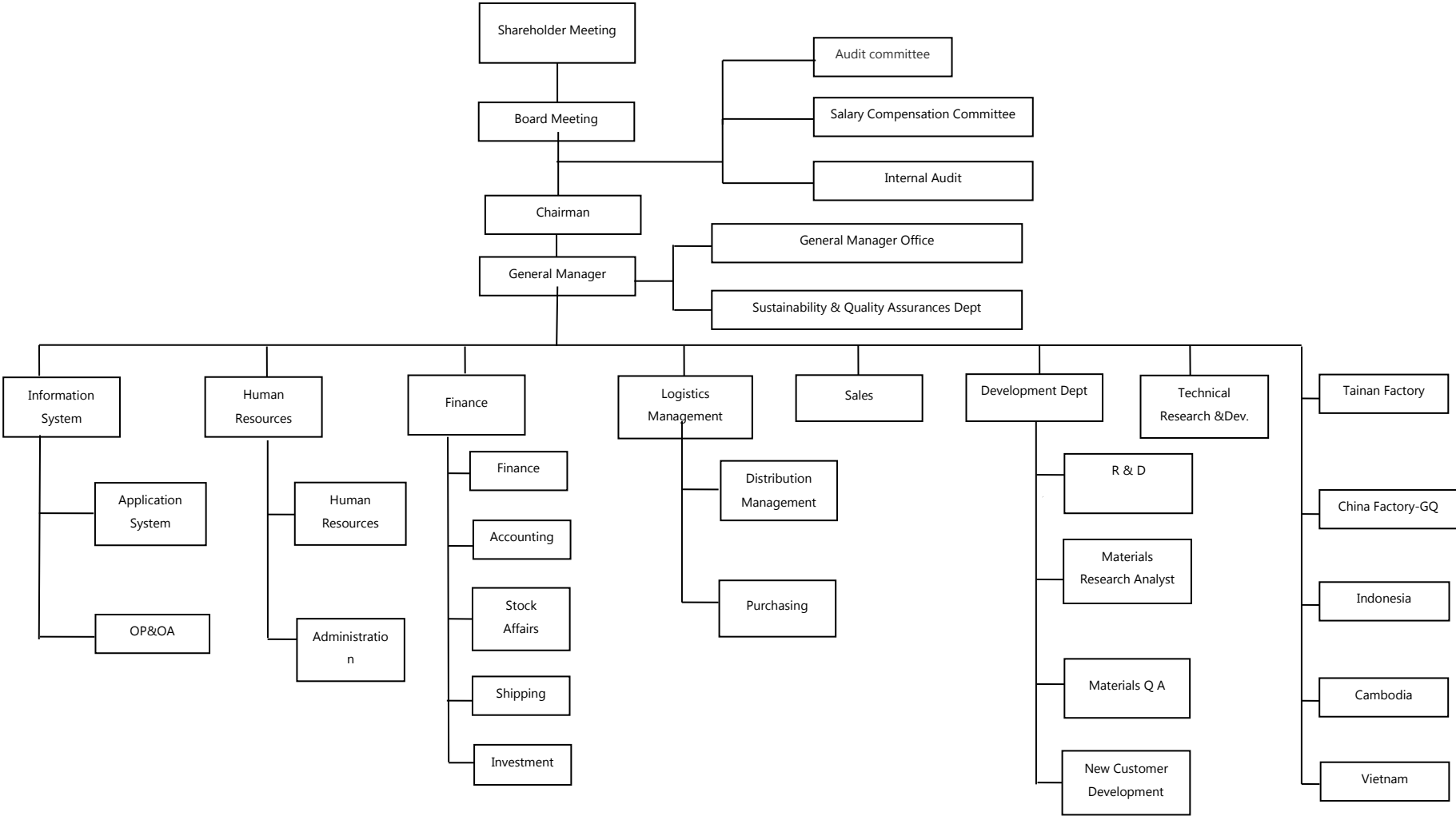
Aug.	2004	Increased the Capital to one billion two hundred thirty-three million nine hundred fifty thousand TWD
Aug.	2004	Camwell Mfg Co., Ltd. (Cambodia) started production
Oct.	2004	Indirectly Invested in "Jordan Dragon Garment Industry Co.,Ltd"
Mar.	2005	Increased the Capital to one billion two hundred thirty-five million four hundred eighty thousand TWD
Jul.	2005	Increased the Capital to one billion two hundred fifty-two million eight hundred forty thousand TWD
Aug.	2005	Invested in "Tai Mao Fong Co.,Ltd"
Sep.	2005	Combined Ping Tung Factory with Tainan Factory
Dec.	2005	Invested in "Global Link Co.,Ltd"
Aug.	2006	Increased the Capital to one billion two hundred seventy million three hundred seventy thousand TWD
Dec.	2006	Increased the Capital to one billion two hundred eighty-seven million seven hundred seventy thousand TWD
Dec.	2006	Indirectly Invested in "Gingdao Tide" Garment Co.,Ltd"
Apr.	2007	Increased the Capital to one billion three hundred thirty-seven million four hundred thirty thousand TWD
Jul.	2007	Increased the Capital to one billion three hundred sixty-four million six hundred thousand TWD
Aug.	2007	Increased the Capital to one billion three hundred eighty-three million two hundred fifty thousand TWD
Oct.	2007	Increased the Capital to one billion three hundred eighty-nine million one hundred ninety thousand TWD
Dec.	2007	Indirectly Invested in "Mao feng (Shanghai) Fashion Co.,Ltd "
Apr.	2008	Increased the Capital to one billion three hundred ninty-eight million three hundred thousand TWD
Nov.	2008	Global Link Co.,Ltd finished dissolution
Jan.	2009	Tai Mao Fong Co.,Ltd discontinued
Jun.	2009	Increased the Capital to one billion four hundred sixty-eight million two hundred twenty thousand TWD
Dec.	2009	Tainan Enterprises (USA) Co., finished dissolution
Dec.	2009	Jordan Dragon Garment Industry Co., Ltd. has sold
Jan.	2010	Gingdao Tide Garment Co.,Ltd finished dissolution
Dec.	2010	Indirectly Invested in "Zhoukou Tainan Garment Co.,Ltd"
Mar.	2011	Increased the investment capital in "Tainan Enterprises (Cambodia) Co., Ltd."
Oct.	2011	"Tainan Enterprise(Cayman) Co.,Ltd" Officially listed on the Taiwan Stock Exchange
Dec.	2011	"Tai Mao Fong Co.,Ltd "Applied for re-open a business
Sep.	2012	"Tai Mao Fong Co.,Ltd "finished dissolution
Nov.	2013	Invested in "ANDALAN MANDIRI BUSANA, PT."
Apr.	2014	Invested in "New Premium Enterprise Co., Ltd.
Jun.	2014	Indirectly Invested in"JEI JOM Enterprise
Jul.	2014	Indirectly Invested in "Tony Wear Fashion Co.,Ltd."(Taiwan)
Dec.	2014	"Mao feng (Shanghai) Fashion Co.,Ltd."finished dissolution

Apr.	2015	Invested in "Beyoung Fashion Co.,Ltd."
Jul.	2015	Invested in "G-Spec International Co.,Ltd."
Jul.	2015	Indirectly Invested in "T&G Fashion Co.,Ltd."
Dec.	2015	Invested in "T & D Apparel Industrial Co., Ltd."
Jan.	2016	Invested in "Tainan Enterprises (Vietnam) Co., Ltd."
Sep.	2016	"Tony Wear Fashion Co.,Ltd." (Taiwan)finished dissolution
Sep.	2016	"Camwell Mfg Co., Ltd. (Cambodia) "finished dissolution
Sep.	2017	Invested in "Fortune International Co.,Ltd."
Dec.	2017	"G-Spec International Co.,Ltd." was merged in "Beyoung Fashion Co.,Ltd."
Mar.	2018	Tai Yang Enterprises Co., Ltd. (Cambodia) finished dissolution
Oct.	2018	T & D Apparel Industrial Co., Ltd. (VIET NAM)finished dissolution
Oct.	2020	TOP-ONE GARMENTS MFG. CO., LTD. finished dissolution
May	2021	Fortune International Co.,Ltd. finished dissolution
May	2022	JEI JOM Enterprise Co., Ltd. finished dissolution
Oct	2022	New Premium Enterprise Co., Ltd. finished dissolution
Feb	2023	Invested in" PT.Cahaya Indah Global."

Three. Corporate Governance

I. Company's Organization Chart

(I) Organizational System



(II) Operations by principal departments/divisions

By departments/divisions	Functions and operations
1. Internal Audit Office	Establishment of, and follow-up and check on, the internal audit system Establishment and implementation of the internal audit system
2. General Manager Office	Collection, analysis and integration of internal and external information, and communication, coordination and integration of the implementation of organizational business projects Establishment of the annual development target, and review, evaluation and suggestion on the organizational development
3. Sustainability & Quality Assurance Dept	Promote and perform the corporate sustainability & social responsibility, and confirm that various departments execute work in accordance with the Company's internal standard operating procedure for production to stabilize the quality control and satisfy customers' needs.
4. Information System Division	
4.1 Application System Dept.	Development and maintenance of the information software system
4.2 OP&OA Dept.	Corporate information security, anti-virus system and network construction, and maintenance of computer hardware equipment
5. Human Resources Division	
5.1 Human Resources Dept.	HR planning, education & training, appointment/dismissal, promotion, attendance, performance valuation and retirement
5.2 Administration Dept.	Employee benefits Safety, repairing, vehicle management regulations, and routine business
6. Finance Division	
6.1 Finance Dept.	Responsible for fund allocation and utilization, and credit management
6.2 Accounting Dept.	Preparation of financial statements and budget
6.3 Stock Affairs Dept.	Responsible for processing stocks and shareholder services
6.4 Shipping Dept	Shipping and customs affairs for import/export
6.5 Investment Dept.	Responsible for the long-term and short-term capital investment
7. Logistics Management Division	
7.1 Distribution Management Dept.	Follow-up on raw materials & supplies, export arrangement, and coordination of production and marketing
7.2 Purchasing Dept.	Procurement and shipping of raw materials and supplies
8. Sales Division	Services for customer, and processing and follow-up of POs by departments
9. Development Dept.	
9.1 R & D	Design and R&D of new apparel products for men and women
9.2 Materials Research Analyst Dept.	Development of materials
9.3 Materials QA Dept.	Stabilize the quality and control over materials
9.4 New Customer Development Dept.	Development of markets and expansion of customer base
10. Technical Research & Dev. Division	Responsible for mock-up sample, mark marking, and platemaking Responsible for analysis and creation of I.E. working hours, work improvement and counseling service to vendors Development of suspension systems and molds
11. Tainan Factory & foreign factories	Responsible for analysis and creation of I.E. working hours, work improvement and counseling service to vendors Development of suspension systems and molds Ready-made clothes production matters

II. Information on the Company's directors, supervisors, general manager, vice general manager, executive vice president, and the supervisors of all the Company's divisions and branch units

(1) Directors & supervisors

December 31, 2023

Job Title	Nationality or place of registration	Name	Gender	Age	Date of (elected to) office	Term of office	Date first elected	Number of shares held by them at the time of appointment		Current shares		Current shares held by spouse or underage children		Shares held in another person's name		Major work experience (educational background)	Concurrent positions in the Company and other companies	Spouse, or any relative within 2nd degree of kinship, acting as a director, supervisor or other managerial officer			Remarks
								Quantity of shares	Shareholdings	Quantity of shares	Shareholdings Ratio	Quantity of shares	Shareholdings Ratio	Quantity of shares	Shareholdings Ratio			Quantity of shares	Shareholdings Ratio	Job Title		Name	Relationship
Chairman of the Board	the R.O.C.	Yang Ching-Hon	Male	72	June 21, 2023	3 years	May 20, 2005	--	--	--	--	--	--	None	Department of Applied Economics, National Chung Hsing University General manager of Tainan Enterprises Co., Ltd.	Note 1		Director	YANG Yin-Ying	Brother and sister	--
																		Director	Yang Fu-Ching		
																		Director	Wu Tao-Chan	Relative by marriage	
																		Director	Wang Po-Ya		
Director	the R.O.C.	Jing Da Development Co., Ltd.		June 21, 2023		May 20, 2005	217,263	0.15	217,263	0.15			None								
Juristic-person representative	the R.O.C.	Yang Shun-Hui	Male	66	June 21, 2023		June 21, 2023					--	--	None	Department of Economics, Tunghai University General manager of Tainan Enterprises Co., Ltd.	--	--	--	--	--	
Director	the R.O.C.	Tianmei Investment Co., Ltd.		June 21, 2023			May 28, 1999	3,805,200	2.60	3,805,200	2.60	--	--	None							--

Job Title	Nationality or place of registration	Name	Gender Age	Date of (elected to) office	Term of office	Date first elected	Number of shares held by them at the time of appointment		Current shares		Current shares held by spouse or underage children		Shares held in another person's name		Major work experience (educational background)	Concurrent positions in the Company and other companies	Spouse, or any relative within 2nd degree of kinship, acting as a director, supervisor or other managerial officer			Remarks
							Quantity of shares	Shareholdings	Quantity of shares	Shareholdings Ratio	Quantity of shares	Shareholdings Ratio	Quantity of shares	Shareholdings Ratio			Job Title	Name	Relationship	
Juristic-person representative	the R.O.C.	Yang Yin-Ying	Female 67	June 21, 2023	3 years	May 28, 1999	--	--	168,000	0.11	--	--	None	Department of Journalism, NCCU General manager of Tainan Enterprises Co., Ltd.	Note 2	Chairman of the Board	Yang Ching-Ho	Brother and sister	--	
																Director	Yang Fu-Ching	Sisters	--	
																Director	Wu Tao-Chan	Relative by marriage	--	
																Director	Wang Po-Ya		--	
Director	the R.O.C.	Rifu Investment Co., Ltd.		June 21, 2023		June 10, 2011	3,943,401	2.70	3,943,401	2.70	--	--	None	--	--	--	--	--	--	
Juristic-person representative	the R.O.C.	Yang Fu-Ching	Female 65	June 21, 2023	3 years		--	--	642,982	0.44	--	--	None	Department of Journalism, NCCU CFO of Tainan Enterprises Co., Ltd. General manager of Tainan Enterprises Co., Ltd.	Note 3 --	Chairman of the Board	Yang Ching-Ho	Brother and sister	--	
																Director	Yang Fu-Ching	Sisters		
																Director	Wu Tao-Chan	Relative by marriage		
																Director	Wang Po-Ya			
Director	the R.O.C.	Liangdao Investment Co., Ltd.		June 21, 2023	3 years	March 27, 2018	6,159,821	4.21	6,159,821	4.21	--	--	None	--	--	--	--	--	--	
																--	--	--	--	
																--	--	--	--	

Job Title	Nationality or place of registration	Name	Gender Age	Date of (elected to) office	Term of office	Date first elected	Number of shares held by them at the time of appointment		Current shares		Current shares held by spouse or underage children		Shares held in another person's name		Major work experience (educational background)	Concurrent positions in the Company and other companies	Spouse, or any relative within 2nd degree of kinship, acting as a director, supervisor or other managerial officer			Remarks		
							Quantity of shares	Shareholdings	Quantity of shares	Shareholdings Ratio	Quantity of shares	Shareholdings Ratio	Quantity of shares	Shareholdings Ratio			Job Title	Name	Relationship			
Juristic-person representative	the R.O.C.	Wu Tao-Chang	Male 70	June 21, 2023	3 years	February 28, 1997	--	--	75,470	0.05	376,244	0.26	None	Department of Civil Engineering, Chung Yuan Christian University General manager of Tainan Enterprises Co., Ltd.	Note 4	Chairman of the Board	Yang Ching-Ho	Relative by marriage	—			
														—			—		Director	YANG Yin-Ying	—	
														—			—		Director	Yang Fu-Ching	—	
Director	the R.O.C.	Xin Wang Ai Investment Co., Ltd.		June 21, 2023		June 13, 2008	6,501,331	4.45	6,501,331	4.45	--	--	None	—	—	—	—	—	—			
Juristic-person representative	the R.O.C.	Wang Po-Ya	Male 79	June 21, 2023		June 21, 2023	--	--	--	--	--	--	None	National Chung Hsing University Chairman of CHING HOUNG ENTERPRISES CO., LTD.	Note 5	Chairman of the Board	Yang Ching-Ho	Relative by marriage	—			
																	—		—	Director	Yang Fu-Ching	—
																	—		—	Director	YANG Yin-Ying	—
Director	the R.O.C.	Taiyang Investment Co., Ltd.		June 21, 2023		June 15, 2020	1,188,000	0.81	1,188,000	0.81	--	--	None	—	—	—	—	—	—			

Job Title	Nationality or place of registration	Name	Gender Age	Date of (elected to) office	Term of office	Date first elected	Number of shares held by them at the time of appointment		Current shares		Current shares held by spouse or underage children		Shares held in another person's name		Major work experience (educational background)	Concurrent positions in the Company and other companies	Spouse, or any relative within 2nd degree of kinship, acting as a director, supervisor or other managerial officer			Remarks
							Quantity of shares	Shareholdings	Quantity of shares	Shareholdings Ratio	Quantity of shares	Shareholdings Ratio	Quantity of shares	Shareholdings Ratio			Job Title	Name	Relationship	
Juristic-person representative	the R.O.C.	Weng Hsiao-Wei	Female 42	June 21, 2023	3 years	June 21, 2023	--	--	130,500	0.09	--	--	None	IE Business ,MBA Manager of Finance Division, Tainan Enterprises Co., Ltd.	Note 6	--	--	--	--	
Director	the R.O.C.	CHC INTERNATIONAL INVESTMENT CORPORATION		June 21, 2023		June 15, 2020	9,522,000	6.52	9,522,000	6.52	--	--	None	--	--	--	--	--	--	
Juristic-person representative	the R.O.C.	Hsieh Yiu-Chin	Female 58	June 21, 2023		January 26, 2022	--	--	--	--	--	--	None	Department of Accounting, Shin Chien University General Manager of MGF Sourcing Taiwan Branch	Note 7	--	--	--	--	
Independent Director himself	the R.O.C.	Li Li-Ying	Female 70	June 21, 2023		June 21, 2023	--	--	--	--	--	--	None	National Taiwan University	Note 8	--	--	--	--	

Job Title	Nationality or place of registration	Name	Gender Age	Date of (elected to) office	Term of office	Date first elected	Number of shares held by them at the time of appointment		Current shares		Current shares held by spouse or underage children		Shares held in another person's name		Major work experience (educational background)	Concurrent positions in the Company and other companies	Spouse, or any relative within 2nd degree of kinship, acting as a director, supervisor or other managerial officer			Remarks
							Quantity of shares	Shareholdings	Quantity of shares	Shareholdings Ratio	Quantity of shares	Shareholdings Ratio	Quantity of shares	Shareholdings Ratio			Job Title	Name	Relationship	
Independent Director himself	the R.O.C.	She Jih-Hsin	Male 61	June 21, 2023	3 years	June 21, 2023	--	--	--	--	--	--	None		PhD in Marketing and Strategic Management, College of Business, University of Warwick Chair Professor, Department of Business Administration, Feng Chia University	Note 9	—	—	—	—
Independent Director himself	the R.O.C.	TuanMu-Cheng	Male 53	June 21, 2023		June 21, 2023	--	--	--	--	--	--	None		National Taiwan University EMBA, National Chengchi University CPA, Jinghua CPA Firm	Note 10	—	—	—	—

Note 1: Yang Ching-Hon is the Chairman of Board of Ching Hon Investment, Ting Song Investment, TONYWEAR, KOCHÉ (Samoa) DEVELOPMENT CO., LTD., Tainan Enterprise (BVI) Co., Limited, PT Tainan Enterprises Co., Ltd. (Indonesia), Tainan Enterprises (Vietnam) Co., Ltd., Yixing Gaoqing, Tainan Enterprise (Cayman) Co., Limited, Zhoukou Tainan, PT. ANDALAN MANDIRI BUSANA, NELSON SPORT CO., LTD. and TAINAN DEVELOPMENT CO., LTD., a director of KOCHÉ Fashion, Changzhou KOCHÉ Shopping Mall Co., Ltd. and KOCHÉ (Nanjing) Shopping Mall Co., Ltd., and a supervisor of Jing Da Development Co., Ltd., Jing Zong Investment Co., Ltd. and Da YI Investment Co., Ltd.

Note 2: Yang Yin-Ying is the Chairman of Tianmei Investment, and a director of Tai Yang Investment Co., Ltd. and Ai Mei Investment Co., Ltd.

Note 3: Yang Fu-Ching is the Chairman of Rifu Investment Co., Ltd. and Tai Yang Investment Co., Ltd.

Note 4: Wu Tao-Chang is Chairman of Liang Dao Investment Co., Ltd., a director of CHING HOUNG ENTERPRISES CO., LTD., Changzhou KOCHÉ Shopping Mall Co., Ltd., KOCHÉ (Nanjing) Shopping Mall Co., Ltd., and Tainan Life (Cayman), a juristic person representative of T&G Fashion Co., Ltd. designated by T&G Fashion Co., Ltd., and a supervisor of KOCHÉ Fashion, TAINAN DEVELOPMENT CO., LTD., NELSON SPORT CO., LTD. and RBK SPORT TAIWAN CO., LTD.

Note 5: Wang Po-Ya is the Chairman of CHING HOUNG ENTERPRISES CO., LTD., and a juristic person representative of Golden Harbor Garment (Cambodia) Limited. designated by T&G Fashion Co., Ltd.

Note 6: Weng Hsiao-Wei is the supervisor of Tai Yang Investment Co., Ltd.

Note 7: Hsieh Yiu-Chin is the General Manager of Tainan Enterprises Co., Ltd., and the Chairman of Beyoung Fashion Co., Ltd. and T&G Fashion Co., Ltd.

Note 8: Li Li-Ying is the responsible person of Vtec Innovation Corp.

Note 9: She Jih-Hsin is an independent director of MOBILETRON ELECTRONICS CO., LTD., Merry Electronics Co., Ltd. and CLOUDMILE INC.

Note 10: TuanMu-Cheng is an independent director of ORIENTAL SYSTEM TECHNOLOGY INC. and GIA TZOONG ENTERPRISE CO., LTD., a director of CHUNG SHING TEXTILE CO., LTD., RICOTTA Corp., E&T Venture Co., Ltd., SyneuRx International (Taiwan) Corp. and Wits Academy Co., Ltd., and a supervisor of Taiwan Fubida International Co., Ltd., REAL GOOD INFORMATION, INC., Golden Circles Design Company and Aquarium Division Ministry CO., LTD

Note 11: Jing Da Development Co., Ltd. re-appointed juristic-person representative- Hsieh Yiu-Chin on 2024/4/24

Note 12: CHC INTERNATIONAL INVESTMENT CORPORATION re-appointed juristic-person representative-HUANG,MING-YU on 2024/4/24

1. Major shareholders of the juristic person shareholders

December 31, 2023

Name of juristic person shareholder	Major shareholders of juristic person shareholders
Jing Da Development Co., Ltd.	Da YI Investment Co., Ltd. (99.99%) and other shareholders with shareholding less than 10% (0.01%)
Tianmei Investment Co., Ltd.	YANG Yin-Ying (95.69%) and other shareholders with shareholding less than 10%(4.31%)
Rifu Investment Co., Ltd.	Yang Fu-Ching (45.017%), Huang Yu-Sung Trusted Property Account (54.576%) and other shareholders with shareholding less than 10% (0.407%)
Liangdao Investment Co., Ltd.	Wu Tao-Chang (66.25%), Yang Huei-Hsin (31.28%) and other shareholders with shareholding less than 10% (2.47%)
Xin Wang Ai Investment Co., Ltd.	Paul Investment Co., Ltd. (52.20%), Yang Nai-Hui (18.98%), Wang I-Ching (10.53%), Wang I-Ting (10.53%) and other shareholders with shareholding less than 10% (7.76%)
Taiyang Investment Co., Ltd.	Rifu Investment Co., Ltd. (14.61%), Zhong Yang Investment Co., Ltd. (10.70%), Paul Investment Co., Ltd. (10.14%), Xin Wang AiInvestment Co., Ltd. (10.14%), Tianmei Investment Co., Ltd. (8.96%), Jun Dao Investment Co., Ltd. (8.95%), Liangdao Investment Co., Ltd. (8.95%), Ai Mei Investment Co., Ltd. (8.95%) and other shareholders with shareholding less than 5% (18.60%)
CHC International investment Co.,Ltd	CMC Magnetics Corp. (100%)

2. Major shareholders of the major shareholders in said table who are juristic persons

December 31, 2023

Name of Juristic Person	Major shareholders of the juristic person
Da YI Investment Co., Ltd.	Wang Fang-Chung (97.09%) and other shareholders with shareholding less than 10% (2.91%)
Paul Investment Co., Ltd.	Wang Po-Ya (16.8%), Yang Nai-Hui (16.62%), Wang Yi-Ching (20.64%), Wang Yi-Ting (20.64%), Su Chiung-Chung (11.76%) and other shareholders with shareholding less than 10% (13.54%)
CMC Magnetics Corp.	Weng Ming-Hsien (7.94%) and other shareholders with shareholding less than 3% (92.06%)

3. Disclosure of professional qualifications of directors and supervisors and independence of independent directors.

December 31, 2023

Criteria Name	Professional qualifications <u>and experience</u> (Note 1)	Status of independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
Chairman Ching-Hon Yang	1. With working experience in business administration, international business and risk management. 2. Not a person meeting any of the circumstances under Article 30 of the Company Act.		None

Criteria Name	Professional qualifications <u>and experience</u> (Note 1)	Status of independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
Jing Da Development Co., Ltd. Representative: Yang Shun-Hui	1. With working experience in business administration, international business and risk management. 2. Not a person meeting any of the circumstances under Article 30 of the Company Act.		None
Tianmei Investment Co., Ltd. Representative: Yang Yin-Ying	1. With working experience in business administration, international business and risk management. 2. Not a person meeting any of the circumstances under Article 30 of the Company Act.		None
Rifu Investment Co., Ltd. Representative: Yang Fu-Ching	1. With working experience in business administration, financial management, international business and risk management. 2. Not a person meeting any of the circumstances under Article 30 of the Company Act.		None
Liangdao Investment Co., Ltd. Representative: Wu Tao-Chang	1. With working experience in business administration, facility, international business and risk management. 2. Not a person meeting any of the circumstances under Article 30 of the Company Act.		None
Xin Wang Ai Investment Co., Ltd. Representative: Wang Po-Ya	1. With working experience in business administration, facility, international business and risk management. 2. Not a person meeting any of the circumstances under Article 30 of the Company Act.		None
Tai Yang Investment Co., Ltd. Representative: Weng Hsiao-We	1. With working experience in business administration, facility, international business and risk management. 2. Not a person meeting any of the circumstances under Article 30 of the Company Act.		None
CHC INTERNATIONAL INVESTMENT CORPORATION Representative: Hsieh Yiu-Chin	1. With working experience in business administration, financial accounting, international business and risk management. 2. Not a person meeting any of the circumstances under Article 30 of the Company Act.		None

Criteria Name	Professional qualifications <u>and experience</u> (Note 1)	Status of independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
Independent Director: Lee Li-Ying	1. With working experience in business administration, facility, international business and risk management. 2. Not a person meeting any of the circumstances under Article 30 of the Company Act.	Compliance of independence, in the case of independent directors, including but not limited to, the independent director himself or his spouse or relative within 2nd degree of kinship not serving as a director, supervisor or employee in the Company or any other company has specific relationship with the Company; not hold any shares of the Company; not a person who had provided commercial, legal, financial or accounting services to the Company or its affiliates in the last two years.	None
Independent Director: Sher Jih-Hsin	1. With working experience in business administration, international business and risk management. 2. Not a person meeting any of the circumstances under Article 30 of the Company Act.	Compliance of independence, in the case of independent directors, including but not limited to, the independent director himself or his spouse or relative within 2nd degree of kinship not serving as a director, supervisor or employee in the Company or any other company has specific relationship with the Company; not hold any shares of the Company; not a person who had provided commercial, legal, financial or accounting services to the Company or its affiliates in the last two years.	2
Independent Director: Tuanmu Cheng	1. A practicing CPA with working experience in business administration, financial accounting, and risk management. 2. Not a person meeting any of the circumstances under Article 30 of the Company Act.	Compliance of independence, in the case of independent directors, including but not limited to, the independent director himself or his spouse or relative within 2nd degree of kinship not serving as a director, supervisor or employee in the Company or any other company has specific relationship with the Company; not hold any shares of the Company; not a person who had provided commercial, legal, financial or accounting services to the Company or its affiliates in the last two years.	2

4. Diversity and Independence of the Board Meeting:

(1) Diversity of Board of Directors:

A. The composition of the Board of Directors shall be determined by taking diversity into consideration. An appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

- a. Basic qualifications and value: including gender and age
- b. Professional knowledge and skills: including professional background (such as management, business, facility, finance accounting) professional skills and industrial experience.

B. The Board members shall have the necessary knowledge, skills, and experience for performing their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall have the following abilities:

- a. ability to make operating judgment;
- b. ability to perform accounting and financial analysis;
- c. ability to conduct management administration;
- d. ability to conduct crisis management;
- e. industrial knowledge;
- f. perspective of international market;
- g. leadership;
- h. ability to make decisions;

C. The Board member diversity policy:

The Company's Corporate Governance Best-Practice Principles have expressly defined that the election of directors should take into account the diversity and the Board of Directors' overall arrangements. The Regulations Governing Election of Directors have expressly defined that the Board members shall have the necessary knowledge, skill, and experience for performing their duties. The Board member diversity policy is stated as following:

- a. The target for Directors who concurrently serve as employees is less than one-third, Among 11 directors, 2 directors are employees of the Company, i.e. 18.2% .
- b. The Company values the gender equality in the composition of the Board members, and aims to elect the female directors accounting for more than one-third of the whole directors. For the time being, 5 out of the 11 directors are female. That is, the female directors account for 45.5%.
- c. Among 11 directors, directors attaining the age of 70 years account for 36.4%, directors attaining the age of 60~69 years old 36.4%, directors attaining the age of 50~59 years old 18.1%, and directors attaining the age of 40-49 years old 9.1%.
- d. The Board members are all senior professionals covering the areas, such as business administration, business, facility, finance and accounting, commerce, and risk management, et al..

(2) Independence of the Board of Directors

3 independent directors, i.e. 27.27%, all of whom are free from the circumstances referred to in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act, and none of them is the spouse or relative within the second degree of kinship with any of the other directors.

Term of office of the current Board of Directors: June 21, 2023~June 20, 2026

Due on December 31, 2023

Board Members	Basic Composition								Core Competency				
	Nationality	Gender	Concurrently work as the Company's employee	Age				Term of Office and Seniority as Independent Director	Business Administration	Facility	Finance and Accounting	International Market	Risk Management
				30~39	40~49	50~59	More than 60	Less than 9 years old					
Yang Ching-Hon	the R.O.C.	Male	•				•		•			•	•
Jing Da Development Co., Ltd. Representative: Yang Shun- Hui	the R.O.C.	Male					•		•	•		•	•
Tian Mei Investment Co., Ltd. Representative: Yang Yin- Ying	the R.O.C.	Female					•		•			•	•
Ri Fu Investment Co., Ltd. Representative: Yang Fu- Ching	the R.O.C.	Female					•		•		•	•	•
Liang Dao Investment Co., Ltd. Representative: Wu Tao- Chang	the R.O.C.	Male					•		•	•		•	•

Xin Wang Ai Investment Co., Ltd. Representative: Wang Po-Ya	the R.O.C.	Male					•		•	•		•	•
Tai Yang Investment Co., Ltd. Representative: Weng Hsiao-Wei	the R.O.C.	Female			•				•		•	•	•
CHC International Investment Co., Ltd. Representative: Hsieh Yiu-Chin	the R.O.C.	Female	•			•			•	•		•	•
Li Li-Ying	the R.O.C.	Female					•	•	•			•	•
She Jih-Hsin	the R.O.C.	Male					•	•	•			•	•
TuanMu-Cheng	the R.O.C.	Male				•		•	•		•	•	•

(II) Background information about General Manager, vice general managers, vice assistant presidents, and the heads of various departments and branches

December 31, 2023

Unit: Share; %

Job Title	Nationality	Name	Gender	Date of (elected to) office	Shares held		by spouse or underage children		in another person's name		Major work experience (educational background)	Concurrent positions in the other companies	Spouse, or any relative within 2nd degree of kinship, acting as a managerial officer		
					Quantity of shares	Shareholdings Ratio	Quantity of shares	Shareholdings	Quantity of shares	Shareholdings			Job Title	Name	Relationship
General Manager	the R.O.C.	Hsieh Yiu-Chin	Female	April 1, 2023	—	—	—	—	—	—	Department of Accounting, Shin Chien University General Manager of MGF Sourcing Taiwan Branch	—	—	—	—
Director/General Manager, Sports Management Division	the R.O.C.	Su Chiung-Chung	Male	June 24, 2002	49,000	0.03	—	—	—	—	Azusa Pacific University MBA Master of Commerce, National Taiwan University General manager of Tainan Enterprises Sales Division	—	—	—	—
Chief Finance Officer and also Chief Corporate Governance Officer	the R.O.C.	Wu Chien-Der	Male	April 16, 2018	1,500	—	—	—	—	—	University of Illinois Urbana-Champaign, Graduate Institute of Finance Vice General Manager of Lion Travel	—	—	—	—
General Manager Office and concurrently Senior Assistant Vice President of the Logistics Management Division	the R.O.C.	Wang Sheng-Po	Male	July 1, 2016	26,000	0.02	—	—	—	—	EMBA, National Cheng Kung University Manager, General Manager Office of Tainan Enterprises Co., Ltd.	—	—	—	—
Assistant Vice President, Sales Dept.	the R.O.C.	Liao Fang-Ying	Female	August 9, 2022	32,000	0.02	—	—	—	—	Department of Tourism, Ming Chuan University	—	—	—	—
Assistant Vice President, Sales Dept.	the R.O.C.	Tung Yu-Ju	Female	August 9, 2022	—	—	—	—	—	—	Department of Textiles and Clothing, Fu Jen Catholic University	—	—	—	—

Job Title	Nationality	Name	Gender	Date of (elected to) office	Shares held		by spouse or underage children		in another person's name		Major work experience (educational background)	Concurrent positions in the other companies	Spouse, or any relative within 2nd degree of kinship, acting as a managerial officer		
					Quantity of shares	Shareholdings Ratio	Quantity of shares	Shareholdings	Quantity of shares	Shareholdings			Job Title	Name	Relationship
Vice President, Sales Dept.	the R.O.C.	Chu Chin-E	Female	August 8, 2023							Bachelor, Department of International Business, Ming Chuan University Assistant Vice President, Sports Department, Li and Fung (Taiwan) Ltd.				
Vice President, Sales Dept.	the R.O.C.	Chiang Mei-Hu	Female	November 8, 2023							Department of International Business, Shih Chien University JCPenney Senior Manager Newtimes HK/Bangladesh Director				
Vice President of the Development Dept.	the R.O.C.	Ke Ying-Hsuan	Female	August 4, 2016	26,031	0.02	—	—	—	—	Department of Design, University of London Manager of Tainan Enterprises Sales Division				
Manager of the Accounting Dept.	the R.O.C.	Tsai Chen-Chih	Male	October 1, 2021	11,000	0.01	—	—	—	—	Master, Department of Accounting of Tamkang University Manager of CHIEN KUO Construction Co., Ltd.	—	—	—	—
Chief Auditing Officer	the R.O.C.	Chu Chen-Chi	Female	May 12, 2008	5,050	—	—	—	—	—	Department of Accounting, Kun Shan University Audit Section Chief of Tainan Enterprises Co., Ltd.	—	—	—	—

Remark:

If the General Manager or equivalent (the supreme management) is the same person as the Chairman, spouse or relative within 1st degree of kinship with each other, please disclose the reason, rationality, necessity and responsive measures (e.g., the number of independent directors should be increased, and more than half of the directors should not be concurrent employees or managers, etc.): None.

III. Compensation paid to Directors, Supervisors, General Manager and Vice General Manager in the most recent year

(1) Compensation to the general directors (disclosure of individual director's name and compensation)

December 31, 2023

Unit: NTD Thousand; Share: Thousand Shares

Job Title	Name	Compensation to directors								The total amount of four items A, B, C and D as a percentage of net profit after tax (Note 3)		Employee compensation received by directors								The total amount of four items A, B, C, D, E, F and G as a percentage of net profit after tax (Note 3)		Compensation from investees or subsidiaries or the parent company
		Remuneration (A)		Retirement Pension (B)		Compensation to directors (C)(Note 1)		Professional practice fees (D) (Note 2)				Salary, bonus and special allowance, etc. (E)		Retirement Pension (F)		Compensation to employees (G)						
		the Company	All companies in the financial statements	the Company	All companies in the financial statements	the Company	All companies in the financial statements	the Company	All companies in the financial statements	the Company	All companies in the financial statements	the Company	All companies in the financial statements	the Company	All companies in the financial statements	the Company	All companies in the financial statements	the Company	All companies in the financial statements			
Chairman of the Board	Yang Ching-Hon																					
Director	Jing Da Development Co., Ltd. Yang Shun-Hui Former Representative: Wang Fang-Chung																					
	Tian Mei Investment Co., Ltd. Representative: Yang Yin-Ying					4,800	4,800			4,800 1.5%	4,800 1.5%	15,721	15,721	365	365					20,886 6.7%	20,886 6.7%	5,826
	Ri Fu Investment Co., Ltd. Representative: Yang Fu-Ching																					
	Liang Dao Investment Co., Ltd. Representative: Wu Tao-Chang																					
	Xin Wang Ai Investment Co., Ltd. Wang Po-Ya Former Representative: Su Chiung-Chung																					

	Tai Yang Investment Co., Ltd. Weng Hsiao-Wei Former Representative: Hsieh Yiu-Chin																				
	CHC International Investment Co., Ltd. Hsieh Yiu-Chin Former Representative: Fang Yan-Ling																				
Independent Director	Former Lien King-Biau Pai Chung-Liang Li Chih-Kuang					1,800	1,800			1,800	1,800								1,800	1,800	
	Li Li-Ying She Jih-Hsin TuanMu-Cheng									0.57%	0.57%								0.57%	0.57%	
<p>1. Please state the policies, systems, standards and structure of compensation to independent directors and the relationship between the compensation and the job responsibility, risk and engagement hours borne by the independent directors: The Company's independent directors receive the fixed remuneration and refrain from participating the distribution of earnings. The fixed remuneration is based on each independent director's participation in the Company's operations and the value of his or her contribution. Also, the remuneration paid by peer companies and listed companies in related industries is also be taken into consideration.</p> <p>2. Compensation received by directors for providing service (e.g., consultancy services as a non-employee to the parent/any company included in the financial statements) in the most recent year except those disclosed in the above table: none.</p>																					

Note 1: The amount of directors' remuneration that the Board Meeting has approved as part of the latest earnings appropriation.

Note 2: The professional practice fees for services rendered in the most recent year (including travel allowances, special allowances, various subsidies, accommodation, corporate vehicles and other in-kind benefits).

Where housing, cars, vehicles, or personal allowances were granted, please also disclose the nature and cost of assets, the rental rates (calculated based on actual or fair value), costs of petrol and other subsidies.

Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries.

Note 3: Parent company only comprehensive income statement 2023 - current net profit NT\$311,469 thousand; consolidated comprehensive income statement - current net profit NT\$311,469 thousand.

* The basis of compensation disclosed above is different according to the basis of the Income Tax Act; hence, the above table has been prepared solely for information disclosure and not for tax purpose.

Compensation Scale Table

Breakdown of compensation to directors	Name of director			
	Sum of the first 4 items (A + B + C + D)		Sum of the first 7 items (A + B + C + D + E + F + G)	
	the Company (Note 8)	All companies in the financial statements (Note 9) H	the Company (Note 8)	All companies in the financial statements (Note 9) I
Less than NT\$1,000,000	Yang Ching-Hon/ Lien King-Biau/ Pai Chung-Lian/ Li Chih-Kuang/ Xin Wang Ai Investment / Jing Da Development / Tian Mei Investment/Liang Tao Investment / Rifu Investment/Tai Yang Investment / CHC International Lee Li-Ying/ Sher Jih-Hsin/Tuanmu Cheng	Yang Ching-Hon/ Lien King-Biau/ Pai Chung-Lian Li Chih-Kuang/ Xin Wang Ai Investment /Jing Da Development / Tian Mei Investment/Liang Tao Investment / Rifu Investment/Tai Yang Investment / CHC International Lee Li-Ying/ Sher Jih-Hsin/Tuanmu Cheng	Lien King-Biau/Pai Chung-Liang/Li Chih-Kuang Xin Wang Ai Investment Jing Da Development / Tian Mei Investment/Liang Tao Investment / Rifu Investment/Tai Yang Investment / CHC International Lee Li-Ying/ Sher Jih-Hsin/Tuanmu Cheng	Lien King-Biau/Pai Chung-Liang/Li Chih-Kuang Xin Wang Ai Investment / Wu Tao-Chang Jing Da Development / Tian Mei Investment/Liang Tao Investment / Rifu Investment/Tai Yang Investment / CHC International / Lee Li-Ying/ Sher Jih-Hsin/Tuanmu Cheng
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	-	-	-	-
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	-	-	Yang Shun-Hui	Yang Shun-Hui/Wang Fang-Chung
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	-	-	Yang Ching-Hon	
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	-	-	Su Chiung-Chung	Su Chiung-Chung / Yang Ching-Hon
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	-	-	Hsieh Yiu-Chin	Hsieh Yiu-Chin
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	-	-	-	-
More than NT\$100,000,000	-	-	-	-
Total	14	14	17	19

Note 1: Directors' names shall be identified one by one (juristic-person shareholders shall be identified by the name and representative individually). The general directors and independent directors shall be identified one by one and the various payments shall be summarized and then disclosed. Any director who serves as the General Manager

or Vice General Manager concurrently shall be disclosed in this table and the following Table (3).

Note 2: The remuneration to directors in the most recent year (including director's salary, duty allowance, severance pay, bonus and reward, et al.).

Note 3: The amount of directors' remuneration that the Board Meeting has approved as part of the latest earnings appropriation.

Note 4: The professional practice fees for services rendered in the most recent year (including travel allowances, special allowances, various subsidies, accommodation, corporate vehicles and other in-kind benefits). Where housing, cars, vehicles, or personal allowances were granted, please also disclose the nature and cost of assets, the rental rates (calculated based on actual or fair value), costs of petrol and other subsidies. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries.

Note 5: Any salaries, duty allowances, severance pay, bonuses, rewards, travel allowances, special allowances, various subsidies, accommodation, corporate vehicles and other in-kind benefits that the director received in the most recent year for assuming the role of the Company's employee concurrently (including General Manager, Vice General Manager, manager or other employees). Where housing, cars, vehicles, or personal allowances were granted, please also disclose the nature and cost of assets, the rental rates (calculated based on actual or fair value), costs of petrol and other subsidies. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries. Part of the salary expense was recognized according to IFRS 2 - "Share-based Payment," including employee stock options, RSAs and subscription for new shares upon cash capital increase are treated as compensation.

Note 6: If the directors who acted as employees concurrently (including General Manager, Vice General Manager, other managers, and employees) received employee remuneration (including stocks and cash) in the most recent year, please disclose the employee remuneration approved by the Board Meeting prior to the motion for earnings distribution submitted to the shareholders' meeting in the most recent year. If it is impossible to impute the same, the amount to be distributed this year shall be based on that distributed actually last year, and please also complete Table (4).

Note 7: Please disclose the total compensation paid by all companies included in the consolidated financial statements (including the Company) to the Company's directors.

Note 8: The aggregate of the compensation to directors by the Company, and the names of such directors, should be disclosed in the relevant space of the table.

Note 9: Please disclose the aggregate of the compensation paid by all companies included in the consolidated financial statements (including the Company) to each director, which shall include the director's name disclosed in the relevant space of the table.

Note 10: The net profit after tax refers to that shown in the most recent parent company only or separate report.

Note 11: a. This field represents all forms of compensation the General Manager and Vice General Manager have received from the Company's invested businesses other than subsidiaries, or from the parent company. (If none, please specify "None".)

b. For directors who receive compensation from invested businesses other than subsidiaries, or from the parent company, amounts received from these invested businesses shall be added to column I of the compensation brackets table, in which case, column I will be renamed "the parent company and all invested businesses."

c. The compensation refers to any remuneration or return (including compensations received as an employee, director and supervisor) and professional practice fees

which the Company's directors received for serving as directors, supervisors or managers in invested businesses other than subsidiaries or in parent company.

* The basis of compensation disclosed above is different according to the basis of the Income Tax Act; hence, the above table has been prepared solely for information disclosure and not for tax purpose.

(2) Compensation to supervisors

The Company elected three independent directors at the special shareholders' meeting on September 22, 2017. Upon establishment of the Audit Committee, the supervisors were dismissed from their duties automatically.

(3) Compensation to the General Manager and Vice General Manager (names and compensation thereof to be disclosed individually)

December 31, 2023

Unit: NTD Thousand; Share: Thousand Shares

Job Title	Name	Salary (A)		Retirement Pension (B)		Bonus and Special Allowance, etc. (C)		Compensation to Employee (D)				The total amount of four items A, B, C and D as a percentage of net profit after tax (%) (Note 1)		Comper sation from investee s other than subsidi aries or the parent compan y
		the Company	All companie s in the financial statement s (Note 5)	the Company	All companie s in the financial statement s (Note 5)	the Company	All companie s in the financial statement s (Note 5)	the Company		All companies in the financial statements (Note 5)		the Company	All companies in the financial statements	
								Cash Amount	Stock Amount	Cash Amou nt	Stock Amount			
General Manager	Hsieh Yiu-Chin	8,680	8,680	257	257	4,683	4,683	-	-	-	-	13,620 4.37%	13,620 4.37%	None
General Manager, Sport Management Division	Su Chiung-Chung													None
CFO	Wu Chien-Der													None

Note 1: Parent company only comprehensive income statement 2023 - current net profit NT\$311,469 thousand; consolidated comprehensive income statement - current net profit NT\$311,469 thousand.

* The basis of compensation disclosed above is different according to the basis of the Income Tax Act; hence, the above table has been prepared solely for information disclosure and not for tax purpose.

Compensation Scale Table

Compensation scale for the Company's General Manager and Vice General Manager	Names of the General Manager and Vice General Manager	
	the Company (Note 6)	All companies in the financial statements (Note 7)
Less than NT\$1,000,000	-	-
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	Wu Chien-Der	Wu Chien-Der
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	-	-
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Su Chiung-Chung	Su Chiung-Chung
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	Hsieh Yiu-Chin	Hsieh Yiu-Chin
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	-	-
More than NT\$100,000,000	-	-
Total	3	3

Note 1: The name of the General Manager or Vice General Manager shall be identified specifically, and the various payments shall be summarized and then disclosed. Any director who serves as the General Manager or Vice General Manager concurrently shall be disclosed in this table and the above Table (1).

Note 2: Please specify the salaries, allowances and severance payments made to the General Manager and Vice General Manager in the most recent year.

Note 3: Please specify other forms of compensation such as bonus, incentives, travel allowances, special allowances, other allowances, dormitory, corporate vehicles or other in-kind benefits made to the General Manager and Vice General Manager in the most recent year. Where housing, cars, vehicles, or personal allowances were granted, please also disclose the nature and cost of assets, the rental rates (calculated based on actual or fair value), costs of petrol and other subsidies. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries. Part of the salary expense was

recognized according to IFRS 2 - "Share-based Payment," including employee stock options, RSAs and subscription for new shares upon cash capital increase are treated as compensation.

Note 4: It refers to the amount of employee remuneration distributed to the General Manager and Vice General Manager (including stocks and cash), which the Board of Directors has passed as part of the most recent earnings appropriation. If it is impossible to impute the same, the amount to be distributed this year shall be based on that distributed actually last year and Table (IV) shall be filled in.

Note 5: Please disclose the total compensation paid by all companies included in the consolidated financial statements (including the Company) to the General Manager and Vice General Manager.

Note 6: The aggregate of the compensation to each general manager and vice general manager by the Company shall include the general manager's or vice general manager's name disclosed in the relevant space of the following table.

Note 7: Please disclose the aggregate of the compensation paid by all companies included in the consolidated financial statements (including the Company) to each general manager and vice general manager, which shall include the general manager's or vice general manager's name disclosed in the relevant space of the following table.

Note 8: Net income refers to the amount of after-tax profit shown in the most recent parent company only or separate report.

Note 9: a. This field represents all forms of compensation the General Manager and Vice General Manager have received from the Company's invested businesses other than subsidiaries, or parent company. (If none, please specify "None".)

b. For general managers and deputy general managers who receive compensation from invested businesses other than subsidiaries, or from the parent company, amounts received from these invested businesses shall be added to column I of the compensation brackets table, in which case, column I will be renamed "the parent company and all invested businesses."

c. The compensation refers to any remuneration or return (including compensations received as an employee, director and supervisor) and professional practice fees which the Company's general managers and deputy general managers received for serving as directors, supervisors or managers in invested businesses other than subsidiaries or in parent company.

* The basis of compensation disclosed above is different according to the basis of the Income Tax Act; hence, the above table has been prepared solely for information disclosure and not for tax purpose.

(5) Names of managers who received employee remuneration and the final allocation

December 31, 2023

Unit: NT\$ Thousand

	Job Title	Name	Amount in stock	Amount in cash	Total	Total as a percentage of net income (%)
General Manager	General Manager	Hsieh Yiu-Chin	-	-	-	-
	General Manager, Sport Management Division	Su Chiung-Chung				
	CFO	Wu Chien-Der				
	General Manager Office and concurrently Senior Assistant Vice President of the Logistics Management Division	Wang Sheng-Po				
	Assistant Vice President, Sales Dept.	Chu Chin-E				
	Assistant Vice President, Sales Dept.	Chiang Mei-Hu				
	Assistant Vice President, Sales Dept.	Liao Fang-Ying				
	Assistant Vice President, Sales Dept.	Tung Yu-Ju				
	Assistant Vice President of the Development Dept.	Ke Ying-Hsuan				
	Senior Manager of the Accounting Dept.	Tsai Chen-Chih				

Note 1: Parent company only comprehensive income statement 2023 - current net profit NT\$311,469 thousand; consolidated comprehensive income statement - current net profit NT\$311,469 thousand.

(6) The compensation paid by the Company and all companies included in the consolidated financial statements to the directors, supervisors, general manager and vice general managers in the last two fiscal years, the analysis of the percentage of total compensation to net profit (loss) after tax in the parent company only financial reports or individual financial reports, the policy, standard and package of compensation payment, the procedure for determination of compensation and the connection with the operation performance and future risk.

Total as a percentage of remuneration to net profit (loss) after tax (%)	2023		2022	
	the Company's	All companies in the financial statements	the Company's	All companies in the financial statements
Director	2.11	2.11	2.19	2.19
Supervisor	-	-	-	-
General Manager and Vice General Manager	4.37	4.37	4.42	4.42

Note: Parent company only comprehensive income statement 2022 - current net profit NT\$301,032 thousand; consolidated comprehensive income statement - current net profit NT\$301,032 thousand.

Parent company only comprehensive income statement 2023 - current net profit NT\$311,469 thousand; consolidated comprehensive income statement - current net profit NT\$311,469 thousand.

1. The remuneration to directors of the Company shall be in accordance with Article 31 of the Articles of Incorporation. The Company shall distribute remuneration to directors at a rate of not more than 5% of the profits of the current year. In addition, in accordance with the "Performance Evaluation of Board of Directors" of the Company, reasonable remuneration shall be paid with reference to the performance evaluation results of each director and shall be reviewed by the remuneration committee and approved by the board of directors.
2. According to Article 31 of the Articles of Incorporation, no less than 1% of the earnings for the current year concluded by the Company shall be distributed as employee remuneration. Meanwhile, reasonable remuneration shall be paid subject to the level of the Company's overall operating performance, personal performance appraisal and future risks, and upon approval of the Remuneration Committee.
3. The decrease in the percentage of the current total compensation to the General Manager and Vice General Manager to net profit (loss) after tax from the previous period is a result of the increase in the current net income from the previous period.

IV. Corporate governance implementations

(I) Information on the operation of the Board Meeting.

1. The term of office for the 21st term & 22nd term Board Meeting was 3 & 4 meetings respectively total of 7 meeting in 2023. The actual attendance rate of the whole directors at the Board of Directors meetings was 94%. The attendance of the directors is stated as follows:

December 31, 2023

Job Title	Name	Actual attendance (times) [B]	Attendance by proxy (times)	Actual attendance rate (%) [B/A]	Remark
Chairman of the Board	Yang Ching-Hon	7	-	100%	-
Director	Representative of Jing Da Development Co., Ltd.: Yang Shun-Hui	4	-	57%	Re-appointed juristic-person representative-Former Representative: Wang Fang-Chung
Director	Representative of Tian Mei Investment Co., Ltd.: Yang Yin-Ying	7	-	100%	-
Director	Representative of Ri Fu Investment Co., Ltd.: Yang Fu-Ching	6	1-	86%	-
Director	Representative of Liang Dao Investment Co., Ltd.: Wu Tao-Chang	7	-	100%	-
Director	Representative of Xin Wang Ai Investment Co., Ltd.: Wang Po-Ya	7	-	100%	Re-appointed juristic-person representative Former Representative: Su Chiung-Chung
Director	Representative of Tai Yang Investment Co., Ltd.: Weng Hsiao-We	7	-	100%	Re-appointed juristic-person representative Former Representative: Hsieh Yiu-Chin
Director	Representative of CHC International Investment Co., Ltd.: Hsieh Yiu-Chin	3	-	100%	Re-appointed juristic-person representative Former Representative: Fang Yen-Ling
Independent Director	Lien King-Biau	2	-	67%	21st term
Independent Director	Pai Chung-Lian	3	-	100%	21st term
Independent Director	Li Chih-Kuang	4	-	100%	21st term
Independent Director	Li Li-Ying	4	-	100%	-

Independent Director	She Jih-Hsin	4	-	100%	-
Independent Director	TuanMu-Cheng	4	-	100%	-

Other disclosures to be noted:

- I. If the operation of the Board Meeting is under any of the following circumstances, the date, period, proposal content, all independent directors' opinions and the Company's handling of their opinions should be described: None.
 - (I) Conditions described in Article 14-3 of the Securities and Exchange Act.
 - (II) In addition to the previous matters, other board meeting resolutions that have been opposed or reserved by independent directors with records or written statements.
- II. For directors' recusal from motions which involves conflict of interest, the names of independent directors, contents of the motions, and reasons of the recusal for conflict of interest, and participation in voting must be disclosed: None.
- III. Listed companies should disclose information on the periodicity and duration, scope, method and content of the self-evaluation (or peer evaluation) by the Board Meeting.
The implementation of the evaluation of the Board Meeting should also be presented in Schedule 2(2).
- IV. Evaluation of the current and most recent year's objectives for enhancing the functions of the Board Meeting (e.g., establishing an audit committee, enhancing information transparency, etc.) and their implementation.

Note 1: If the director or supervisor is a corporation, the name of the corporate shareholder and its representative should be filled in.

Note 2: (1) Where a director or supervisor may be relieved from duties before the end of the fiscal year, please specify the date of his/her discharge in the 'Remarks' Section. His/her actual attendance rate (%) to the Board Meeting shall be calculated on the basis of the number of meetings called and actual number of sessions he/she attended, during his/her term of office.

(2) Where an election may be held for filling the vacancies of director or supervisor before the end of the fiscal year, please list out both the new and the discharged director or supervisor and specify if they are the former director or supervisor, or newly elected, re-elected, and also the date of the reelection. Their actual attendance rate (%) to the meetings of the Audit Committee shall be calculated on the basis of the number of Board Meeting called and the actual number of sessions they attended, during the term of office.

2. The evaluation of the Board Meeting: Executed in November 2023.

December 31, 2023

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Evaluation scope (Note 3)	Evaluation method (Note 4)	Evaluation content (Note 5)
Once a year	2023/06/21 ~ 2023/12/31	The entire Board Meeting	Internal self- evaluation of the Board Meeting	1. The extent of participation in the Company's operations. 2. Improvement in the quality of the Board Meeting's decision-making. 3. Composition and structure of the Board Meeting. 4. Election and continuing education of directors. 5. Internal control The evaluation results of the above: → Functioning normally and performing well
Once a year	2023/06/21 ~ 2023/12/31	Individual Board members	Self-evaluation of directors	1. Alignment of the Company's objectives and tasks. 2. Perception of directors' responsibilities. 3. The extent of participation in the Company's operations. 4. Internal relationship management and communication 5. Professionalism and continuing education of directors. 6. Internal control The evaluation results of the above: → Participating and communicating well
Once a year	2023/06/21 ~ 2023/12/31	Functional committees	Peer evaluation	1. The extent of participation in the Company's operations. 2. Perception of functional committees' responsibilities. 3. Quality of the functional committee's decision-making. 4. Composition and member appointment of functional committees. 5. Internal control The evaluation results of the above: → Functioning normally, in good condition

Note 1: The cycle of evaluation on the Board of Directors.

Note 2: The period of evaluation on the Board of Directors.

Note 3: The scope of evaluation includes the performance evaluation of the Board Meeting, individual Board members and functional committees.

Note 4: The methods of evaluation include internal self-evaluation by the Board Meeting, self-evaluation by board members, peer evaluation, appointment of external professional organizations, experts or other appropriate methods for performance evaluation.

Note 5: The evaluation content includes at least the following items according to the scope of the evaluation:

- (1) Evaluation of the performance of the Board Meeting: at least the participation in the Company's operations, the quality of board decisions, the composition and structure of the Board Meeting, the selection and continuing education of directors, and internal control, etc.
- (2) Performance evaluation of individual board members: at least including the alignment of the Company's objectives and tasks, the directors' awareness of their duties and responsibilities, their participation in the Company's operations, internal relationship management and communication, the directors' professionalism and continuing education, and internal control.
- (3) Performance evaluation of functional committees: participation in company operations, awareness of functional committee responsibilities, quality of functional committee decisions, composition and selection of functional committee members, internal control, etc.

(II) Audit Committee's operations, or supervisors' involvement in the Board of Directors' operations:

1. Audit Committee's involvement in the Board's operations: 3rd Audit Committee from June 21, 2023 to June 20, 2026. A total of 4 Board Meeting **【A】** were held in 2023. Below are the independent directors' attendance records:

December 31, 2023

Job Title	Name	Actual attendance (times) (B)	Attendance by proxy (times)	Actual attendance rate (%) (B/A) (Notes 1 and 2)	Remarks
Independent Director	Li, Li-Ying	2		100%	Re-elected on June 21, 2023
Independent Director	She Jih-Hsin	2		100%	Re-elected on June 21, 2023
Independent Director	TuanMu-Cheng	2		100%	Re-elected on June 21, 2023
Independent Director	Lien King-Biau	2	-	100%	- Former (2nd term)
Independent Director	Pai Chung-Lian	1	-	50%	- Former (2nd term)
Independent Director	Li Chih-Kuang	2	-	100%	- Former (2nd term)

Other disclosures to be noted:

- I. For the Audit Committee meetings that meet any of the following descriptions, state the date, session, contents of motions, independent directors' dissenting opinions, qualified opinions or important suggestions, Audit Committee meeting resolution and how the Company has responded to the Audit Committee members' opinions.
- (I) Conditions described in Article 14-5 of the Securities and Exchange Act.
- (II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-third of directors: None.
- II. For independent directors' recusal from motions which involves conflict of interest, the names of independent directors, contents of the motions, reasons of the recusal for conflict of interest and participation in voting must be disclosed.
- No motions involving any conflict of interest with independent directors existed.
- III. Communication between independent directors and chief internal auditor/external auditors (*e.g.*, discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome): The independent directors have communicated with the chief internal auditor for a total of 4 times and with external auditors for a total of 4 times in 2023, as disclosed on the Company's official website – Corporate Governance Section.

Date of Meeting	Communication with chief internal auditor		Communication with external auditor	
	Communication matters	Outcome	Communication matters	Outcome
2023.03.21	2022 Declaration of Internal Control	To be submitted to the Board of Directors for resolution upon review and approval.	External auditors' report on the audit result of 2022 consolidated and parent company only financial statements and key audit matters, and other matters to be communicated	To be submitted to the Board of Directors for resolution upon review and approval.
	2022 Audit Report	Acknowledged, and no suggestions		

			proposed.		
2023.05.8	2023 Q1 audit report on accounts receivable and procedures for loaning to others.	Acknowledged , and no suggestions proposed.	External auditors' report on the review result of 2023 Q1 consolidated financial statements and key audit matters, and other matters to be communicated	To be submitted to the Board of Directors for resolution upon review and approval.	
2023.08.08	2023 Q2 audit report on accounts receivable and procedures for loaning to others.	Acknowledged , and no suggestions proposed.	External auditors' report on the review result of 2023 Q2 consolidated financial statements and key audit matters, and other matters to be communicated	To be submitted to the Board of Directors for resolution upon review and approval.	
2023.11.08	2023 Q3 audit report on accounts receivable and procedures for loaning to others.	Acknowledged , and no suggestions proposed.	External auditors' report on the review result of 2023 Q3 consolidated financial statements and key audit matters and other matters to be communicated	To be submitted to the Board of Directors for resolution upon review and approval.	

Note 1: Where an independent may be relieved from duties before the end of the fiscal year, please specify the date of his/her discharge in the "Remarks" Section. His/her actual attendance rate (%) to the Board session shall be calculated on the basis of the number of meetings called and actual number of sessions he/she attended, during his/her term of office.

Note 2: Where an election may be held for filling the vacancies of independent director before the end of the fiscal year, please list out both the new and the discharged independent directors and specify if they are the former independent directors, or newly elected, re-elected, and also the date of the reelection. Their actual attendance rate (%) to Board session shall be calculated on the basis of the number of meetings called and the actual number of sessions they attended, during the term of office.

2. Supervisors' involvement in the Board of Directors' operations :

The Company elected three independent directors at the special shareholders' meeting on September 22, 2017. Upon establishment of the Audit Committee, the supervisors were dismissed from their duties automatically.

(3) Implementation status of corporate governance and differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof.

Evaluation item	Implementation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
	Yes	No	Summary description	
I. Has the Company adopted and disclosed its corporate governance best practice principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?"	V		The Company has adopted the "Corporate Governance Best Practice Principles," and made the latest amendments thereto in March 2023, in order to help the Company establish the effective corporate governance framework and fair corporate governance system. Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.	There has been no significant differences.
II. The Company's Equity Structure and Shareholders' Equity (1) Does the Company have the internal procedures regulated to handle shareholders' suggestions, questions, disputes and legal actions in place, and have the procedures been implemented accordingly?	V		The Company has appointed the personnel dedicated to the shareholders service affairs, and designated the spokesperson and deputy spokesperson to process any shareholders' suggestions, questions, disputes and legal actions. Meanwhile, legal advisors are available to provide the consulting services for related legal problems.	There has been no significant differences.
(2) Does the Company possess the list of the Company's major shareholders of ultimate controllers and the list of the ultimate controllers of the major shareholders?	V		The Company has possessed the profile of major shareholders, changes in and pledge of shareholdings of directors/supervisors and also the major shareholders of juristic person directors/supervisors, which have been reported as required and disclosed on the MOPS.	There has been no significant differences.
(3) Has the Company established and implemented the risk control and firewall mechanism with its affiliated companies?	V		The Company has adopted the "Regulations Governing Supervision of Subsidiaries." The affiliates' assets and accounting affairs are operating independently, handled by dedicated personnel and controlled/audited by the parent company.	There has been no significant differences.
(4) Does the Company adopt internal policies that prevent insiders from trading securities using unpublished market information?	V		The Company has adopted the "Regulations Governing Prevention of Insider Trading" to prevent any insider trading.	There has been no significant differences.
III. Composition and Responsibilities of the Board Meeting (1) Does the Board Meeting have member diversification policies in place, managing the objectives and implementing the same substantively?	V		The Company's Board of Directors consists of 11 members (including 3 independent directors), who are elected by taking the entire arrangement of the Board of Directors into account based on the Company's diversity policy. The Board members are all senior professionals covering the areas, such as business administration, business, facility, finance, accounting, commerce, and risk management, et al.. The related job duties shall be governed by the Company's Articles of Incorporation.	There has been no significant differences.

Evaluation item	Implementation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
	Yes	No	Summary description	
(2) Does the Company, in addition to establishing the Salary Compensation Committee and Audit Committee pursuant to the laws, have other functional committees established voluntarily?		V	The Company has established the Salary Compensation Committee and Audit Committee pursuant to the laws, but has not yet established any other functional committees.	The Company will do so pursuant to laws and subject to its overview of business in the future.
(3) Does the Company adopt a set of policies and assessment methods to evaluate the Board's performance, conduct the performance evaluation regularly at least on an annual basis, and submit the performance evaluation result to the Board Meeting and applied the same as reference for remuneration to individual directors and nomination for additional term of office?	V		The Company has adopted the "Regulations Governing Appraisal on Performance of the Board of Directors" on November 10, 2020. The Company performs the performance appraisal each year. The appraisal for 2022 has been completed. The appraisal result was submitted to the Board of Directors on March 21, 2023, as reference for determination of remuneration to individual directors and nomination for additional term of office.	There has been no significant differences.

Evaluation item	Implementation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary description	
(4) Does the Company have the independence of the independent auditor evaluated regularly?	V		<p>The Company's existing independent auditors are non-related parties of the Company. The CPA firm also replaces the Company's independent auditors pursuant to the laws, in order to maintain the auditor's independence at all times. The Company performed the assessment on independence of the external auditors retained in 2023 on November 8, 2023. The external auditors retained by the Company, namely Tien Chung-Yu, Attorney-at-Law and Hsu Hui-Yu, Attorney-at-Law, have undergone the Company's assessment on independence and competence of the CPA according to the Company's "External Auditor's Review Form," and based on the Audit Quality Indicators (AQIs). The motion has been reviewed and approved by the Audit Committee and also approved by the directors present at the Board meeting. The assessment requirements include:</p> <p>(1) 12 indicators on the elements of independence, <i>e.g.</i> whether any former partner within one year of disassociating from the firm joins the Company as a director, manager or is in a key position to exert significant influence over the subject matter of the engagement.</p> <p>(2) 6 indicators on the exercise of independence, <i>e.g.</i> whether a professional accountant performs professional services fairly and objectively, and without bias, conflict of interest or stake that might exercise undue influence of others to override professional judgments?</p> <p>(3) 4 indicators on the competence, <i>e.g.</i> whether or not the CPA has records of any disciplinary action imposed by the CPA Discipline Committee within the most recent two years.</p> <p>(4) Other supplementary notes.</p> <p>(5) Evaluation and review opinions.</p> <p>According to the Company's assessment, the accountants Tien Chung-Yu and Hsu Huei-Yu of PricewaterhouseCoopers met the Company's independence assessment criteria.</p>	There has been no significant differences.

Evaluation item	Implementation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary description	
IV. Whether or not the TWSE/TPEx listed company assigns the adequate number of competent corporate governance officers, and appoints the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, provision to directors/supervisors the information needed by them to perform their duties, assistance to directors/supervisors in compliance, organization of the Board Meeting meetings and shareholders' meetings, and preparation of the Board Meeting and shareholders' meeting minutes, etc.)?	V		The Company has appointed competent and qualified corporate governance officers. Meanwhile, on March 22, 2022, the Board of Directors approved the appointment of the CFO, Wu Chien-Teh, who has the experience in finance for more than 3 years, to serve as the Chief Corporate Governance Officer. He is the supreme management responsible for corporate governance affairs, in charge of the overall planning about the agenda planning and parliamentary affairs of shareholders' meetings, and Board of Directors and functional committees meetings, response to directors' requests, assistance to directors in compliance, and maintenance the information exchange between the Board members.	There has been no significant differences.
V. Does the Company provide proper communication channels and create an investor relations section on its website to address the corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to, shareholders, employees, customers and suppliers)?	V		The Company set up the stakeholders section on its website to provide a complete communication channel for employees, shareholders, banks, suppliers and customers. Further, the Company may be reached via phone or the Company's mailbox. The communication channels are considered uninterrupted, and the Company will also respond to any cases adequately subject to the circumstances.	There has been no significant differences.
VI. Does the Company engage a Shareholders Service Agency to handle the Shareholders' Meeting affairs?	V		The Company has engaged Yuanta Securities Shareholders Service Agency Dept. to handle the Shareholders' Meeting affairs on behalf of the Company.	There has been no significant differences.
VII. Information Disclosure (1) Has the Company set up a website to disclose the Company's business, finance and corporate governance information?	V		The Company has set up the website to disclose the Company's business, finance and corporate governance information.	There has been no significant differences.

Evaluation item	Implementation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
	Yes	No	Summary description	
(2) Has the Company adopted other information disclosure methods (<i>e.g.</i> , establishing an English website, designating personnel dedicated to collection and disclosure of the Company's information, implementing the spokesperson system, posting the investor conference on the Company's website, etc.)?	V		The Company has set up an English website, designated personnel dedicated to collection and disclosure of the Company's information, and also implemented the spokesperson system.	There has been no significant differences.
(3) Whether or not the Company announces and reports the annual financial report within two months at the end of each fiscal year, and the financial report for Q1, Q2 and Q3 and monthly operation overview before the prescribed time limit?		V	The Company's quarterly financial statements were already approved by the Board of Directors by the prescribed time limit, and published and reported on the same date when they were approved. Due to various subsidiaries' closing of accounts and independent auditor's audit on the accounts, the Company will research and prepare the planning about, and also adjust, the matters to be published and reported within two months at the end of each fiscal year, hoping to enhance the information disclosure.	There has been no significant differences.

Evaluation item	Implementation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary description	
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to, employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and the Company's purchase of liability insurance for directors and supervisors)?	V		<p>1. The Company plans stable management strategies to enhance the scope and quality of products and services, and improve the company's strength to have the Company grow with employees and customers simultaneously. Meanwhile, the Company keeps using its best effort to manage business, protect investors' interests and rights, and implement the environmental protection policy to protect resources on the earth. The Company also fulfills its corporate social responsibility with the aim of giving back to the society.</p> <p>2. Continuing education for directors: The Company's directors have completed the continuing education hours required under the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEx Listed Companies" in 2023.</p> <p>3. Implementation of risk management policy, risk measurement, consumer protection policy or customer policy: The Company adopts the overall risk management and control system to identify all of the Company's risks (including market risk, credit risk, liquidity risk and cash flow risk), in order to enable the Company's management to engage in controlling and measuring the market risk, credit risk, liquidity risk and cash flow risk effectively.</p> <p>4. The Company's purchase of liability insurance for directors and supervisors: (1) According to Article 39 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, the Company shall report to the latest Board Meeting after purchasing or renewing the liability insurance for directors. (2) The Company reported to the Board of Directors that it has executed the contract with Fubon Insurance Co., Ltd. for renewal of the liability insurance for all of the Company's directors from January 1, 2023 to January 1, 2024. submitted to the Board of Directors on March 21, 2023.</p>	There has been no significant differences...

Evaluation item	Implementation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary description	
IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center and propose enhancement measures for any issues that are yet to be rectified.	V		<p>The improvement required as the first priority by 9th (2022) Corporate Governance Evaluation:</p> <p>(1) The Company has adopted the risk management policy and procedure in November 2022, and scheduled to report the implementation status thereof to the Board of Directors since 2023.</p> <p>(2) The Company has started to announce the important messages in Chinese and English languages to improve the Company's information transparency since November 2022.</p> <p>(3) The Company plans to report the compensation received by directors at the shareholders' meeting from 2023, including the remuneration policy, individual remuneration details and amount.</p> <p>(4) The Company will continue to evaluate any possible improvement programs with respect to the indicators that do not win any scores.</p>	There has been no significant differences.

Note: Evaluation form of CPA's independence and competence for 2023

Attesting CPA firm: PricewaterhouseCoopers Taiwan

Attesting CPA: Tien Chung-Yu, Hsu Huei-Yu

I. Review of the requirements for independence (if "NO" is selected for any of the following, specific facts should be explored)					
Item No.	Assessment Content	Please tick			Remarks
		Yes	No	N/A	
1	The PAs, their spouses and underage children do not have any investment or financial interest-sharing relationship with the Company.	√			
2	The CPA or his/her spouse or underage children have no loan with the Company. However, this does not apply if the client is a financial institution and the borrowing or lending is part of a normal business relationship.	√			
3	The CPA firm has not issued a service report to certify the effective operations of the financial information system designed or implemented.	√			
4	The CPA or members of the audit service team do not serve as directors, managers or positions that exert significant influence over the subject matter of the engagement currently or in the most recent two years.	√			
5	The non-audit services provided to the Company have no important items that directly affect the audit cases.	√			
6	The CPA or members of the audit service team do not promote or broker the shares or other securities issued by the Company.	√			
7	The CPA or the members of the audit service team do not defend the Company in legal cases or other disputes on behalf of the Company and third parties, except for the services permitted by law.	√			
8	The CPA or members of the audit service team are not spouses, blood relatives, relatives by marriage or second degree relatives to any directors, managers or personnel to exert significant influence over the subject matter of the engagement.	√			
9	None of the former partner within one year of disassociating from the firm joins the Company as a director, manager or is in a key position to exert significant influence over the subject matter of the engagement.	√			
10	The CPA or members of the audit service team do not receive gifts or special offers of significant value from the Company or its directors, managers or major shareholders.	√			
11	The CPA is not currently employed by the client or audited entity to perform routine work for which he/ she receives a fixed salary or currently serves as a director or supervisor.	√			
12	The CPA has not provided audit services to the Company for seven consecutive years.	√			
II. Review of the status of independence(if "NO" is selected for any of the following, specific facts should be explored)					
Item No.	Assessment Content	Please tick			Remarks
		Yes	No	N/A	
1	Has the CPA been recused from the engagement and never undertaken the engagement when there was a direct or significant indirect stake in the	√			

	engagement that would compromise their impartiality and independence?				
2	When carrying out an audit, review, secondary review, or special audit, preparing an opinion of the financial statements, in addition to maintaining the independence of substance, does the CPA maintain the independence of form?	√			
3	Do members of the audit service team, other co-practicing accountants or shareholders of corporate CPA firms, accounting firms, affiliates of the CPA firm, and alliance firms also maintain independence from the Company?	√			
4	Does the CPA perform professional services with integrity and rigor?	√			
5	Does the CPA perform professional services fairly and objectively and without bias, conflict of interest or stake that might exercise undue influence of others to override professional judgments?	√			
6	The CPA does not have a lack or loss of independence that affects their integrity and impartiality.	√			
III. Suitability review(if "NO" is selected for any of the following, specific facts should be explored)					
Item No.	Assessment Content	Please tick			Remarks
		Yes	No	N/A	
1	The CPA has no records of any disciplinary action imposed by the CPA Discipline Committee within the most recent two years.	√			
2	Does the CPA firm have sufficient scale, resources and regional coverage to provide corporate audit services?	√			
3	Does the CPA firm have defined quality control procedures? Do the aspects covered include the levels and key points of the audit procedures, the approaches to handle of audit issues and judgments, independent quality control and review and risk management?	√			
4	Does the CPA firm notify the board of directors (audit committee) of any significant issues and developments in a timely manner in terms of risk management, corporate governance, financial accounting and related risk control?	√			
IV. Other Supplementary Matters					
Description: the above items have been assessed with reference to the Audit Quality Indicators (AQIs) and the independence and suitability of the CPA met the requirements.					
V. Evaluation and review opinions					
Passed the review and the original incumbent is recommended to be maintained.					

(4) Information on the operations of the Salary Compensation Committee

The Company's Board Meeting established the Salary Compensation Committee and adopted the "Articles of Association for Salary Compensation Committee" and also passed the appointment of the Salary Compensation Committee members, on November 21, 2011. The term of office to be held by the Committee members were identical with that for the Board members. The term of office for 4th Committee members commenced from June 15, 2020 until June 14, 2023. The Committee members were reelected on June 21, 2023. The term of office for 5th Committee members commenced from June 21, 2023 until June 20, 2026. The current Salary Compensation Committee members consist of Ms. Li Li-Ying, Mr. She Jih-Hsin and Mr. TuanMu-Cheng.

1. Information about Salary Compensation Committee members

December 31, 2023

Criteria Identity and name	Professional qualifications and experience	Status of independence	Number of other public companies in which the individual is concurrently serving as an independent director
Independent Director (Convener) She Jih-Hsin	1. With working experience in business administration, facility, international business and risk management. 2. Not a person meeting any of the circumstances under Article 30 of the Company Act.	Compliance of independence, in the case of independent directors, including but not limited to, the independent director himself or his spouse or relative within 2nd degree of kinship not serving as a director, supervisor or employee in the Company or any other company has specific relationship with the Company; not hold any shares of the Company; not a person who had provided commercial, legal, financial or accounting services to the Company or its affiliates in the last two years.	2
Independent Director Li, Li-Ying	1. With working experience in business administration, international business and risk management. 2. Not a person meeting any of the circumstances under Article 30 of the Company Act.	Compliance of independence, in the case of independent directors, including but not limited to, the independent director himself or his spouse or relative within 2nd degree of kinship not serving as a director, supervisor or employee in the Company or any other company has specific relationship with the Company; not hold any shares of the Company; not a person who had provided commercial, legal, financial or accounting services to the Company or its affiliates in the last two years.	None
Independent Director TuanMu-Cheng	1. A practicing CPA with working experience in business administration, financial accounting, and risk management. 2. Not a person meeting any of the circumstances under Article 30 of the Company Act.	Compliance of independence, in the case of independent directors, including but not limited to, the independent director himself or his spouse or relative within 2nd degree of kinship not serving as a director, supervisor or employee in the Company or any other company has specific relationship with the Company; not hold any shares of the Company; not a person who had provided commercial, legal, financial or accounting services to the Company or its affiliates in the last two years.	2

2. Information on the operations of the Salary Compensation Committee

(1) There are three members of the Salary Compensation Committee of the Company.

(2) The term of office to be held by the current Committee members:

4th term: June 15, 2020~June 14, 2023

5th term: June 21, 2023~June 20, 2026

In 2023, 2 meetings were held[A] and the qualifications and attendance of members are as follows:

Job Title	Name	Actual attendance (times) (B)	Attendance by proxy (times)	Actual attendance rate (%) [B/A](Note)	Remark
Convener	She Jih-Hsin	1	-	100%	Re-elected on June 21,2023
Member	Li, Li-Ying	1	-	100%	Re-elected on June 21,2023
Member	TuanMu-Cheng	1	-	100%	Re-elected on June 21,2023
Convener	Lien King-Biau	1	-	100%	- Former
Member	Pai Chung-Lian	1	-	100%	- Former
Member	Li Chih-Kuang	1	-	100%	- Former

Other disclosures to be noted:

1. If the Board of Directors does not adopt or amend the recommendations of the Salary Compensation Committee, it should state the date, session, contents of motions, Board of Directors' resolution, and how the Company has responded to the Salary Compensation Committee members' opinions. (if the remuneration approved by the Board is better than the recommendation proposed by the Committee, the difference and reasons should be stated): none.
2. For the Salary Compensation Committee's resolution, if any members have objections or reservations with records or written statements, please state the date, session and contents of motions of the Salary Compensation Committee meeting, all members' opinions and handling of the members' opinions: None.

Note:

(1)Where a member of the Salary Compensation Committee may be relieved from duties before the end of the fiscal year, please specify the date of his/her discharge in the 'Remarks' Section. His/her actual attendance rate (%) to the meetings of the Committee shall be calculated on the basis of the number of meetings called and actual number of sessions he/she attended, during his/her term of office.

(2) Where an election may be held for filling the vacancies of members of the Salary Compensation Committee before the end of the fiscal year, please list out both the new and the discharged Committee members and specify if they are the former members, or newly elected, re-elected, and also the date of the reelection. Their actual attendance rate (%) to the meetings of the Salary Compensation Committee shall be calculated on the basis of the number of meetings called and the actual number of sessions they attended, during the term of office.

3. Agenda discussed by Salary Compensation Committee members and resolution and response to the members' opinions

Date	Motion
March 21, 2023	2022 Employee and director remuneration distribution plan
	Resolution by the Salary Compensation Committee: Approved by the whole present members unanimously and submitted to the Board of Directors for resolution. How the Company responds to the members' opinions: Approved by the whole present directors unanimously.
August 8, 2023	2022 Director remuneration distribution plan
	Resolution by the Salary Compensation Committee: Approved by the whole present members unanimously and submitted to the Board of Directors for resolution. How the Company responds to the members' opinions: Approved by the whole present directors unanimously.

(V) Implementation status of sustainable development:

Implementation Status of Sustainable Development and Differences from The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.

Items	Implementation status (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary description (Note 2)	
Has the Company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board Meeting to be handled by senior management, and the supervision situation of the Board Meeting?	V		<p>The Company established the unit dedicated to corporate social responsibility, "Sustainability & Quality Assurance Dept," in 2004, which is responsible for promoting and implementing the ESG issues, such as environmental protection, energy conservation and carbon reduction, human rights, working environment safety and health, etc.. Meanwhile, it helps enactment of policies and management guidelines to manage overseas subsidiaries' compliance and responsible performance in the terms of environment and society. It feeds back to the directors the ESG practices periodically each year. A meeting was convened on November 8, 2023. The Board of Directors indicated that it would follow the policy.</p> <p>Additionally, the Tainan Enterprise Arts & Culture Foundation also promotes social responsibility-related actions, cultivates local communities, and actively engages in sustainability-related activities in other counties and cities, and regularly reports the results of its activities to the directors every year.</p>	None
II. Does the Company conduct risk evaluations on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note2)	V		The Company sends questionnaires to stakeholders and internal senior leaders to identify significant environmental, social and corporate governance-related issues based on the materiality principle, conducts risk identification based on the issues, evaluates the contents, and formulates corresponding management strategies and plans to control risks.	None
III. Environmental issues (I) Has the Company set up an appropriate environmental management system based on	V		<p>The Company has established environmental management systems in accordance with the local regulations of each plant.</p> <p>1. With cloud-based energy monitoring system, we can monitor energy</p>	None

the characteristics of its industry?			<p>usage in the plants in Cambodia, Vietnam and Indonesia in real time.</p> <p>2. We have introduced water saving machine and waste water recycling system to reduce water usage.</p> <p>3. We use the Higg FEM environmental management module to review annual environmental performance, regularly train employees and promote energy saving awareness to enhance the environmental management mechanism of each plant.</p> <p>4. Solar power system with installed capacity 100KWC is installed at Cambodia washing factory.</p>	
(II) Is the Company committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment?	V		<p>1. The Vietnam and Cambodia plants use biomass energy to fuel their boilers. The biomass energy made from rice bran and wood chips significantly reduces the use of coal and diesel. The Company's factory in Tainan is also throwing its support behind the government's push to build a low-carbon homeland by replacing industrial boilers to improve air quality. The factory's heavy oil boiler was replaced with natural gas boiler at the end of 2019. The switch to natural gas, low-polluting gas fuel, will reduce GHG emissions and improve air quality.</p> <p>2. The Vietnam factory has installed solar panels to provide 8,500 kWh of electricity for streetlights, parking lot and related equipment. The factory design incorporated green building concepts and was certified by the US Green Building Council as a LEED International Green Building in 2017. It is an environmentally friendly green factory that helps reduce energy consumption and greenhouse gas emissions.</p> <p>3. In 2019, the Cambodian plant introduced fully automatic washing machines to address the problem of water scarcity. Compared with the traditional washing machine, the fully automatic washing machine can reduce the water bath ratio by 50%, and reduce the amount of chemical and waste water emissions at the same time. The large loading capacity and centralized dosing system reduce the variables and losses. In addition, the fully automatic washing machine can be operated by one person and multiple machines, using the computer program to set the bath ratio, temperature, rotation speed and dewatering of each section of the water washing, which can be completed in one machine. The advantages of small footprint and large loading capacity reduce the number of machines, cost and maintenance expenses, and</p>	None

			<p>improve the problem of wet and slippery floor in the working environment, reducing clothing contamination and work safety accidents.</p> <p>4. All of Tainan Enterprises' overseas plants have passed the RCS (Recycled Claim Standard) certification, and use fabrics with at least 5% recycled content to separate production from general fabrics, ensuring that 100% of products are made from recycled materials. The use of recycled fabrics reduces the damage to the environment and the reliance on general fabrics, thus achieving the corporate goal of green and sustainable production.</p>	
(III) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take corresponding measures to respond to climate related issues?	V		In reference to the "TCFD" framework released by Financial Stability Board (FSB), the Company assesses the transformation risk, tangible risk, opportunities and management policy caused to the factory by the climate changes, in order to mitigate the financial impact posed by the climate risk.	None
(IV) Does the Company make statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	V		<p>(1) Greenhouse gas The Company did a greenhouse gas inventory internally, and the total greenhouse gas emissions of the plants in 2022 were 13,935 metric tons of CO₂e, and 14,323 metric tons of CO₂e in 2023.</p> <p>(2) Water consumption: Tainan Enterprises has continued to manage water consumption in accordance with the United Nations 2030 Sustainable Development Goals (SDGs). In addition, the Company has introduced condensate recycling and waste water recovery technologies in its Cambodian washing plant, as well as a fully automatic washing machine optimization process to reduce water consumption directly from the front end. Via the process wastewater recovery and reuse systems installed at the Company's Cambodia factory, wastewater from the production process is treated and fed back into the clean water tank for reuse. The factory achieved "Zero Wastewater Discharge" in 2021 with 100% recycling of process and domestic wastewater. The reclaimed water was divided by quality for production and domestic use, thus reducing the surface water consumption. Total water consumption of the Company in 2023 was 275,959 cubic meters, down 3.5% compared to that (285,958 cubic meters) in the same period last year.</p> <p>(3) WasteWaste</p>	None

			<table><tr><td></td><td>2022</td><td>2023</td></tr><tr><td>General business waste</td><td>1,149.15 tons</td><td>1,152.14 tons</td></tr><tr><td>Hazardous business waste</td><td>685.53 tons</td><td>686.9 tons</td></tr></table>		2022	2023	General business waste	1,149.15 tons	1,152.14 tons	Hazardous business waste	685.53 tons	686.9 tons	
	2022	2023											
General business waste	1,149.15 tons	1,152.14 tons											
Hazardous business waste	685.53 tons	686.9 tons											
IV. Social issues (I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations as well as the International Bill of Human Rights?	V		<div><div>1. Adopt the international human rights standards of the International Labor Organization (ILO), prohibit child labor and forced labor, and conduct regular third-party accreditation of WRAP (Worldwide Responsible Accredited Production), SLCP (Social & Labor Convergence Program) or Better Work every year to ensure employee rights, recruitment and termination processes.</div><div>2. The age and identity documents of employees are verified before hiring. Only those that reach the local minimum age can be hired.</div><div>3. The Human Resources Department provides education and training to employees upon their arrival, informs them of their rights and benefits, and publishes the rights and benefits information for them to check at any time.</div><div>4. Implement the zero-payment policy with respect to the foreign migrant workers at factories to reduce the migrant workers' work burden in Taiwan, and conduct the GBV (Gender-Based Violence – Prevention & Response) sexual harassment prevention and control project at overseas factories to raise employees' awareness toward sexual harassment.</div></div>	None									
(II) Whether the Company has formulated and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflects operating performance or results in employee remuneration?	V		<div>The Company provides good working conditions and takes adequate care of the physical and mental health of its employees so that they can enjoy working without any worries, with the following benefits defined:</div> <div><div>1. The Company will review the overall operating performance every year and distribute a certain percentage of the annual surplus as employee bonus.</div><div>2. A high trust subsidy is provided to encourage employees to participate in stock ownership</div></div>	None									

			<p>trusts, so that they can accumulate personal wealth through long-term investment to protect their future retirement or retirement life.</p> <p>3. Take out employee group insurance to protect the safety and well-being of our employees.</p> <p>4. Provide subsidies for club activities so that employees can cultivate interests and promote communication while working.</p> <p>5. Provide wedding gifts, birthday gifts, maternity allowances, employee benefits, and travel subsidies.</p> <p>6. Establish an employee welfare committee to plan and implement employee welfare.</p>	
(III) Does the Company provide employees with a safe and healthy working environment, and related education?	V		<p>Implement "occupational health and safety management", continuously improve and update the management system to reduce potential environmental hazards, comply with the Occupational Safety and Health Act, the Labor Health Protection Rules and other local labor regulations, ensure safety in the working environment, and protect employees from occupational injuries and diseases. The "Occupational Safety and Health Committee" established at each factory of the Company is responsible for the development, supervision, implementation and tracking of relevant policies and actions in each factory. The committee meets regularly and is composed of member representatives and employee representatives to ensure the operation of the management system and to continuously track the improvement results of problems and conduct reviews and confirmations.</p> <p>Annual occupational safety training is conducted by the Company for employees. In addition to basic safety training for new employees in applicable positions, we also continue to track changes in government regulations and customer requirements/guidelines then update our safety rules and training for employees accordingly. Topics covered by training include Safe machine operation, use of personal protective equipment, safe handling of chemicals, operational safety, first-aid, and health education. The training program at each factory persisted for about 75 hours in total, attended by a total of 20,000 participants. For details, please refer to the Sustainability Report, 4.4 Occupational Health and Safety.</p> <p>In 2023, there were no fire incidents at any of the Company's business locations.</p>	None

(IV) Has the Company established an effective career development training program for employees?	V	<p>The Company provides appropriate education and training programs for employees, including pre-employment training for new employees and on-the-job training for employees. In addition, we strengthen professional knowledge and skills training, develop second expertise, cultivate management functions, and obtain relevant licenses for employees with different attributes. In 2022, the total number of training hours for the Taipei and Tainan offices were 167 hours, with 761 participants.</p> <p>By introducing TTQS and integrating information systems, we have improved the training results of Tainan enterprises and participated in the 2021 annual TTQS assessment, which was recognized for the first time. We will continue to implement TTQS and promote the continuous improvement mechanism of training quality to enhance the operation efficiency of the talent training system, cultivate diversified talents and strengthen international competitiveness.</p> <p>With the increasing impact of climate change, it is imperative to practice sustainability. Tainan Enterprises joined Unity Good's iLab for sustainability in 2022, and send personnel to participate in sustainability-related education and training every month for a total of 21 hours. In addition, we have hired external lectures to train management for a total of 6 hours to deepen the concept of sustainability in our business culture.</p>	None
(V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant customer rights protection policies and complaint procedures?	V	<p>Tainan enterprises plans production processes to achieve product safety, and different products have different safety due to their different characteristics and use requirements. Through various tests, including durability, color fastness, physical properties, and safety tests, we are able to produce products that customers and consumers can use with peace of mind. The Company discloses the composition of our products in accordance with global product labeling standards. There were no violations of customer labeling rules in 2022.</p> <p>Our strict internal management prohibits the plants from selling any customer-branded products or raw materials, or photos of any branded products, and keeps proper records of all transactions, including all raw material purchase records, detailed inventory records, sample numbers, quantities, and production dates, until the products are sold or destroyed. The plants shall maintain brand labels in a secure storage area with strict controls to protect any branded items during the production process and to track the movement of the items throughout the production cycle.</p>	None

(VI) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and monitor their implementation?	V	<p>Tainan Enterprises' business partners are required to strictly comply with the Company's "Supplier Code of Conduct", including reasonable working hours, wages, and employment of employees, and Tainan Enterprises strictly prohibits the use of products with forced labor risks. If any forced/compulsory labor incident is found in the supply chain or upstream vendors, or any violation of the "Supplier Code of Conduct" or "Supplier Social Responsibility Commitment", Tainan Enterprises will inform the offending vendor and brand customers and ask the vendor to take improvement measures.</p> <p>We also require suppliers to sign the "Supplier Social Responsibility Commitment" annually, which is based on the 12 principles of the WRAP International Social Responsibility Accreditation and incorporates human rights, environmental, and shipping safety-related regulations, and pledges to comply with the Supplier Anti-Terrorism Code, which was developed in accordance with the C-TPAT U.S. Customs Business Coalition Against Terrorism's Factory and Shipping Safety Management Guidelines. Also fill out the "Supplier Anti-Terrorism Security Self-Assessment Questionnaire" and provide C-TPAT and GSV certifications to assess the risk level of suppliers and to increase transparency and trust.</p>	None
V. Does the Company make reference to international reporting standards or guidelines to prepare the sustainability report or other reports that disclose non-financial information about the Company? Has the confirmation or assurance opinion from third-party certifying institutions been obtained for the reports of the preceding paragraph?	V	<p>The Tainan Enterprises Sustainability Report is based on the GRI Guidelines published by the Global Reporting Initiatives (GRI), and follows the GRI Guidelines in accordance with the GRI Guidelines: Core Options. Also implement the framework of the Sustainability Accounting Standards Board (SASB), which discloses the performance of key indicators related to this industry.</p>	No certification has been obtained yet

Items	Yes	No	Implementation status (Note 1)	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
			Summary description (Note 2)	

VI. If the Company has related practice principles of its own in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please state the differences between the two and the implementation status: None.

VIII. Other important information that is helpful to understand the implementation of sustainable development.:

Since 2H of 2023, in addition to the inventory performed internally, the Head Office has taken the initiative to implement the ISO 14064-1 GHG inventory framework. The inventories on Scope 1, 2 and 3 are expected to be completed in 1H of 2024, and the transportation emissions to be included into the Company's GHG management practices for the first time. According to the Sustainability Team Plan, the framework is expected to be implemented throughout 7 factory premises of the Company by 2026.

Note 1: If the implementation status is specified "Yes," please specifically explain the key policies, strategies, and measures taken and the execution progress. If the implementation status is specified "No," please explain deviation and cause of deviation in the field titled "Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof," and state any policy, strategy, and measure planned for the future. Notwithstanding, with respect to the Items 1 and 2, the TWSE/TPEX listed company shall specify the governance and supervision framework of the sustainable development, including but not limited to, the enactment of management policies, strategies and targets, and review on the measures, etc..

Note 2: The materiality principle refers to any environmental, social and corporate governance issue that is of material impact to the Company's investors and stakeholders.

Note 3: For the method by which such information shall be disclosed, please refer to the sample annual report disclosed on the website of TWSE Corporate Governance Center.

(VI) Implementation of climate-related information:

Climate-related information of TWSE/TPEX listed company

Item	Implementation status:										
(I) Please describe the supervision and governance of climate-related risks and opportunities by the Board of Directors and management.	In reference to the “TCFD” framework released by Financial Stability Board (FSB), the Company assesses the transformation risk, tangible risk, opportunities and management policy caused to the factory by the climate changes, in order to mitigate the financial impact posed by the climate risk. Meanwhile, Sustainability & Quality Assurance Dept shall report the assessment results to the General Manager and Board of Directors periodically.										
(II) Please describe how the identified climate risks and opportunities affect the enterprise’s business, strategies and finance (short-term, mid-term and long-term).	<p>The Task Force on Climate-Related Financial Disclosures (TCFD) framework was applied to evaluate the impact on cost and revenue, take inventory of company resources, and develop a risk management approach that would mitigate the impact of climate change on company operations, strengthen the company’s flexibility and adaptability, as well as take advantage of the transformation opportunities offered by climate change.</p> <table><tr><th></th><th>Risk</th><th>Description</th><th>Financial effect</th><th>Administration</th></tr><tr><td>Physical risk</td><td>Flooding, storms / Rise in sea level</td><td>1. Storms can increase humidity in the factory so raw materials and products are more likely to become moldy or spoiled. 2. More frequent flooding can lead to factory stoppages</td><td>1. Increase in the cost of storage for raw materials and products 2. Factory stoppages lead to reduced income and higher cost of shipping</td><td>1. Set up drying chamber and install humidity-control machines to maintain the humidity within the factory at a suitable level for storing products and raw materials. 2. Raise the foundations of the factory or relocate factory to higher ground 3. Transfer production to alternate factories in other regions 4. Set up a backup transportation plan with multiple channels</td></tr></table>		Risk	Description	Financial effect	Administration	Physical risk	Flooding, storms / Rise in sea level	1. Storms can increase humidity in the factory so raw materials and products are more likely to become moldy or spoiled. 2. More frequent flooding can lead to factory stoppages	1. Increase in the cost of storage for raw materials and products 2. Factory stoppages lead to reduced income and higher cost of shipping	1. Set up drying chamber and install humidity-control machines to maintain the humidity within the factory at a suitable level for storing products and raw materials. 2. Raise the foundations of the factory or relocate factory to higher ground 3. Transfer production to alternate factories in other regions 4. Set up a backup transportation plan with multiple channels
		Risk	Description	Financial effect	Administration						
Physical risk		Flooding, storms / Rise in sea level	1. Storms can increase humidity in the factory so raw materials and products are more likely to become moldy or spoiled. 2. More frequent flooding can lead to factory stoppages	1. Increase in the cost of storage for raw materials and products 2. Factory stoppages lead to reduced income and higher cost of shipping	1. Set up drying chamber and install humidity-control machines to maintain the humidity within the factory at a suitable level for storing products and raw materials. 2. Raise the foundations of the factory or relocate factory to higher ground 3. Transfer production to alternate factories in other regions 4. Set up a backup transportation plan with multiple channels						
(III) Please describe the impact posed by extreme climate incidents and transformation actions to the finance.											
(IV) Please describe how the identification, assessment and management procedures of climate risk is integrated into the overall risk management system.											
(V) If scenario analysis is applied to assess the resilience in the response to climate change risks, please describe the applied scenarios, parameters, assumptions, analysis factors and major financial impacts.											
(VI) If any transformation plan in response to the climate risk management is available, please describe the contents of the plan, and indicators											

and purposes for identification and management of tangible risk and transformation risk.		Shortages or uncertainty in water and electricity supply	Impact on production process from uncertain water and electricity supply	Higher production costs	<ol style="list-style-type: none"> 1. Introduction of wastewater/rainwater recovery system in the factory 2. Purchase of energy-saving and water-saving machinery 3. Build green factories and obtain green building certification 4. Switch to diesel generators during power outages
		Higher temperature	Increased electricity consumption and risk of power restrictions	Impact on production process leads to higher product costs and reduced operating income	<ol style="list-style-type: none"> 1. Introduction of renewable energy at the factory 2. Build green factories and obtain green building certification
		Decrease in production of raw materials due to climate anomalies	Extreme climate events such as droughts, higher temperatures, and flooding can lead to lower production of raw materials and higher prices	Higher raw material sourcing costs	<ol style="list-style-type: none"> 1. RCS certification for factories and the use of fabrics containing recycled materials to reduce dependence on raw materials 2. Use of packaging materials containing recycled materials for product packaging
		GHG emission disclosure and	Domestic/overseas plans to impose carbon	Higher production costs	<ol style="list-style-type: none"> 1. Introduction of renewable energy at the factory

	Transformation risk	international carbon pricing mechanism	tariffs will directly/indirectly impact on operating costs.		<p>2. Periodic internal GHG emission inventory</p> <p>3. Set up green production processes in the factory and purchase low-carbon machines</p>
		Low-carbon technology development and transformation	Acquire low-carbon technology and develop low-carbon merchandise to reduce impact on the environment as well as satisfy customer/consumer demand for products made with sustainable processes	<p>Higher R&D costs</p> <p>Higher operating costs</p>	<p>1. Purchase low-carbon and water-saving machinery</p> <p>2. Development of low-carbon products based on green design and obtaining related low-carbon/recycling certifications</p>
		Growing environmental awareness among customers and in the market	<p>1. Drastic changes in the climate is spurring growing consumer awareness on environmental protection</p> <p>2. Customer requirements on environmental protection at the</p>	Higher R&D costs	<p>1. Purchase of energy-saving and water-saving machinery to reduce impact on the environment</p> <p>2. Develop environmentally friendly products based on green design and obtaining of related environmental and product certifications</p>

			factory now exceed local regulations and also promoting the use of environmentally friendly products		
(VII) If the internal carbon pricing is applied as the planning tool, please describe the pricing basis.	No internal carbon pricing is set.				
(VIII) If any climate-related targets are set, please describe the involved activities, scope of GHG emission, planned schedule, and achieved progress of each year. If carbon offsets or RECs are applied to achieve related targets, please also describe the source and quantity of the limit of offset carbon or quantity of RECs.	<p>The Company plans to reduce GHG emission by 30% per unit in 2030. The record year is 2018. The scope covers Tainan Factory, Yixing Gaoqing Factory, Jakarta Factory & Solo Factory, Cambodia Factory, Vietnam Factory and Jin-Sovann Factory.</p> <p>It also plans to complete the inspection on Tainan Factory in 2024 and annual investigation, and the inspection on overseas subsidiaries in 2027 and investigation for 2029.</p> <p>In 2023, Indonesia Factory purchased 1117 RECs for the offset.</p>				
(IX) GHG inventories and assurances, as well <u>as reduction targets, strategies, and concrete action plans</u> (complete 1-1 and 1-2 separately).	The Company conducts the internal GHG inventory on its own for the time being. However, it has not received any assurance or certification.				

1-1 GHG inventory and assurance for the most recent two years

1-1-1 GHG Inventory Information

Describe the GHG emission volume (metric tons CO ₂ e), intensity (metric tons CO ₂ e/NTD million), and data coverage for the most recent two years.
2022 GHG emissions (Scopes 1 and 2): 13,935 CO ₂ e, intensity 2.12
2023 GHG emissions (Scopes 1 and 2): 14,323 CO ₂ e, intensity 2.2

1-1-2 GHG Assurance Information

Describe the status of assurance in the last 2 years up to the date of publication of the annual report, including the scope of assurance, institutions of assurance, assurance criteria, and assurance opinions
The Company conducts the internal GHG inventory on its own for the time being. However, it has not received any assurance or certification.

1-2 GHG reduction goals, strategies and concrete action plans

Describe the GHG reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of the reduction goals.
Based on Scope 1 and 2 of the self-inventory, taking 2018 as the base year, we aim to reduce the GHG emission intensity (emission volume/million turnover) by 30% by 2030.

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(VI) The Company's fulfillment of ethical corporate management and the measures taken:

Implementation of ethical corporate management and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.

valuation item	Operation status (Note)			Differences from the Ethical Corporate Management for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary description	
<p>I. Formulate ethical corporate management policy and plan</p> <p>(I) Has the Company formulated an ethical corporate management policy approved by the Board Meeting, and are the policy and practice of ethical corporate management stated in the Company's regulations and external documents, as well as the commitment of the Board Meeting and the senior management to actively implement the policy?</p> <p>(II) Whether the Company has established a mechanism for evaluating the risk of unethical conduct, regularly analyzes and evaluates the activities in the scope of business with a higher risk of unethical conduct, and on the basis of this, has formulated a plan to prevent unethical conduct, which covers at least the preventive measures for the conduct set out in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?</p> <p>(III) Whether the Company has specified operating procedures, conduct guidelines, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well as regularly reviews and amends it?</p>	V		<p>(I) The Company has adopted the "Ethical Management Best Practice Principles" as approved by the Board of Directors, and expressly stated the Company's ethical management policies and practices in the Company's Articles of Incorporation and external documents, and also implemented the same strictly</p> <p>(II) The Company has established the "Employee Code of Conduct" as a guideline and regulation for employees in carrying out company operations, and regularly promotes the spirit of ethics through employee education and training.</p> <p>(III) The Company requires all employees to refrain from accepting kickbacks, commissions or valuable gifts and extravagant hospitality from customers, vendors, or business-related people. The Company provides a safe and healthy work environment, fair opportunities, and is committed to maintaining a fair and lawful long-term relationship between customers and suppliers, resulting in a win-win partnership.</p>	There has been no significant differences.

II. Implementation of ethical corporate management					
(I)	Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?	V		(I)	In order to establish a corporate culture of ethical management and sound development, the Company has established the "Corporate Ethical Management Best Practice Principles" with reference to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and related laws and regulations, The content of the provisions requires the Company to assess the cooperativeness of its business partners and whether they have a record of unethical behavior before establishing business relationships to ensure that their business practices are fair and transparent and that they do not ask, offer or accept bribes.
(II)	Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management and report regularly (at least once a year) to the Board Meeting on its ethical management policy and plan to prevent unethical conduct and monitor their implementation?	V		(II)	The Company has established the unit dedicated to ethical corporate management subordinated to the Board of Directors, namely the Company's HR Dept.. It will also report the implementation status to the Board of Directors periodically (at least for once per year). The implementation status report for the current year has been submitted to the Board of Directors on November 8, 2023.
(III)	Does the Company have a policy to prevent conflict of interest, provide appropriate channels for explanation, and implement it?	V		(III)	The Company has established a policy to prevent conflict of interest in the "Employee Code of Conduct," and if any violation is found, it shall be reported to the managerial officer or HR officer, etc..
(IV)	Whether the Company has established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit draws up relevant audit plans based on the evaluation results of risk of unethical conduct, and audits the compliance of the plan to prevent unethical conduct or entrusts a CPA to perform the audit?	V		(IV)	The Company has established various accounting systems (e.g., in accordance with the Securities and Exchange Act, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards approved by the Financial Supervisory Commission (FSC), International Accounting Standards, interpretations, explanatory pronouncements, and other relevant laws and regulations) and internal control systems (e.g., in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies), and has Internal audit personnel regularly review the compliance status to ensure the effectiveness of the system design and implementation.
(V)	Does the Company regularly organize internal and external education and training on ethical corporate management?	V		(V)	The Company regularly conducts education and training or promotion of ethical

There has been no significant differences.

valuation item	Operation status (Note)			Differences from the Ethical Corporate Management for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary description	
			corporate management.	
III. The operation of the Company's whistleblower reporting system (I) Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate personnel to deal with the reported matters?	V		(I) The Company has established a whistleblower reporting and disciplinary system in the "Employee Code of Conduct", and will assign dedicated personnel to investigate and handle any reported cases.	There has been no significant differences.
(II) Has the Company formulated standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms?	V		(II) The Company's communication and response procedures specify that the relevant leaders are responsible for maintaining the confidentiality of the data of the parties concerned.	
(III) Whether the Company takes measures to protect whistleblowers from being improperly handled due to reporting?	V		(III) The complaint handling process protects the complainant from improper handling due to the complaint.	
IV. Enhance Information Disclosure Does the Company disclose the content and effectiveness of its Ethical Corporate Management Principles on its website and the Market Observation Post System?	V		The Company's "Corporate Ethical Management Best Practice Principles" and the implementation status thereof have been published and disclosed on the Company's website, and the current status of promotion and implementation is normal.	There has been no significant differences.
V. If the Company has related practice principles of its own in accordance with the "Corporate Ethical Management Best Practice Principles for TWSE/TPEX Listed Companies", please state the differences between the two and the implementation status: None. The current status of promotion and implementation is normal.				

valuation item	Operation status (Note)			Differences from the Ethical Corporate Management for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary description	
VI. Other important information that is helpful to understand the implementation of ethical corporate management (For example, the Company's review on and amendments to its ethical corporate management principles): The Company's "Ethical Corporate Management Best Practice Principles" was approved by the Board of Directors on August 4, 2017. The amendments thereto were approved by the Board of Directors on August 13, 2019.				

Note: The implementation status, whether "Yes" or "No" is checked, should be stated in summary description.

- (VII) If the Company has formulated the "Corporate Governance Best Practice Principles" and related rules, it shall disclose its inquiry methods: public disclosure through company's website
- (VIII) Other important information that is helpful to understand the Company's implementation of corporate governance: None.

(IX) Disclosures relating to the implementation of the internal control system:

1. Declaration of Internal Control

Tainan Enterprises Co., Ltd.

Statement of Internal Control System

Date: March 7, 2024

The Company hereby states the results of the self-evaluation of the internal control system for 2023 based on the findings of the self-assessment:

- I. The Company acknowledges that the establishment, implementation and maintenance of internal control system is the responsibility of the Board of the Directors and managerial officer, and the Company has already established such an internal control system. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. The internal control system has its inherent limitations, and regardless of how perfect the design is, the effectiveness of the internal control system can only provide reasonable assurance to the achievement of the aforementioned three objectives. In addition, due to the change of the environment and circumstances, the effectiveness of the internal control system may be changed. However, the internal control system of the Company is equipped with a self-monitoring mechanisms, and the Company will take corrective actions once any deficiency is identified.
- III. The Company judges whether the design and implementation of the internal control system is effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The internal control system determination items adopted in the aforementioned "Regulations" is to classify the internal control system into the following five composition elements according to the management control process: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each constituent element further includes several items. For more information on the aforementioned items, please refer to the "Regulations".
- IV. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.
- V. Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023, the internal control system (including the supervision and management of its subsidiaries), including the understanding the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives.
- VI. This statement will form the main content of the Company's annual report and prospectus and will be made public. Any illegal misrepresentation or non-disclosure in the public statement above is subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This declaration was approved at the Company's board of directors meeting held on March 7, 2024. None of the 11 directors present to the meeting held any objections, and unanimously agreed to the contents of this declaration.

Tainan Enterprises Co., Ltd.

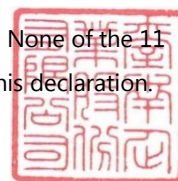
Chairman:

General Manager:



Signature

Signature



2. If the internal control system was reviewed by an external CPA, the result of such review must be disclosed: N/A.

- (X) The punishments received by the Company and its internal personnel in accordance with laws, the punishment, material deficiencies and improvement by the Company against its internal personnel in the most recent fiscal year and as of the date of publication of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices: None.
- (XI) Important resolutions made by shareholders' meetings and Board Meeting in the most recent year and until the date of publication of the annual report: Please refer to Pages 139~142 and Page 142~160 herein.
- (XII) The main contents of important resolutions of the Board Meeting passed but with directors or supervisors voicing opposing opinions on the record or in writing during the most recent year and up to the date of publication of the annual report: None.
- (XIII) Summary of resignation/dismissal of the persons related to the financial statements (including the Company's Chairman, General Manager, accounting manager, financial manager, internal audit officer and chief corporate governance officer) in the most recent year and as of the date of publication of the annual report: None.

V. Disclosure of external auditors' fees:

Unit: NT\$ Thousand

Name of CPA Firm	Name of CPA	CPA Audited Period	Audit Fee	Non-Audit Fee	Total	Remarks
PwC Taiwan	Tien Chung-Yu	January 1, 2023	7,975	Transfer pricing audit fee NT\$300 thousand, master file reporting NT\$550 thousand, commercial and industrial registration fees NT\$271 thousand, <i>i.e.</i> , NT\$1,121 thousand in total	9,096	-
	Hsu Huei-Yu	~ December 31, 2023				

- (1) Non-audit fees paid to the external auditors, to the firm of the external auditors and/or to any affiliated enterprise of such firm are one quarter or more of the audit fees paid thereto: N/A.
- (2) If a change of CPA firm resulted in a lower audit fee for that year compared to the previous year: None.
- (3) If the audit fee was reduced by more than 10% from the previous year: None.

VI. Information about the Change of the CPAs: In response to the internal administrative organization's adjustment of PwC Taiwan, the external auditors of the Company's financial statements have been changed from Tien Chung-Yu CPA and Lin Tze-Yu, CPA to Tien Chung-Yu, CPA and Hsu Huei-Yu CPA since Q2 of 2023, in order to continue provide the audit and certification services for financial statements.

VII. If the Company's Chairman, General Manager or managers involved in financial or accounting affairs were employed by the external auditors' firm or any of its affiliated company within the most recent year, please disclose their names, job titles and terms of employment by the firm or any of its affiliated companies: None.

VIII. Details of shares transferred or pledged by directors, supervisors, managers, and shareholders with more than 10% ownership interest in the most recent year up until the date of publication of this annual report

Job Title	Name	2023		Until March 31 of the current year		Remarks
		Increase (decrease) in shares held (Thousand shares)	Increase (decrease) in shares pledged (Thousand shares)	Increase (decrease) in shares held (Thousand shares)	Increase (decrease) in shares pledged (Thousand shares)	
Chairman of the Board	Yang Ching-Hon	-	-	-	-	
Director	Jing Da Development Co., Ltd.	-	-	-	-	
Director	Liang Dao Investment Co., Ltd.	-	-	-	-	
Director	Xin Wang Ai Investment Co., Ltd.	-	-	-	-	
Director	Tian Mei Investment Co., Ltd.	-	-	-	-	
Director	Ri Fu Investment Co., Ltd.	-	-	-	-	
Director	Tai Yang Investment Co., Ltd.	-	-	-	-	
Director	CHC International Investment Co., Ltd..	-	4,500	-	-	
Independent Director	Lien King-Biau	-	-	N/A	N/A	June 15, 2020 to June 14, 2023.
Independent Director	Pai Chung-Lian	-	-	N/A	N/A	June 15, 2020 to June 14, 2023.
Independent Director	Li Chih-Kuang	-	-	N/A	N/A	June 15, 2020 to June 14, 2023.
Independent Director	Lee Li-Ying	-	-	-	-	Assume the position on June 21, 2023
Independent Director	Sher Jih-Hsin	-	-	-	-	Assume the position on June 21, 2023
Independent Director	Tuanmu Cheng	-	-	-	-	Assume the position on June 21, 2023
General Manager	Yang Shun-Hui	-	-	N/A	N/A	2023/3/30 Retire
General Manager	Hsieh Yiu-Chin	-	-	-	-	Assume the position on April 1, 2023
General Manager, Sport Management Division	Su Chiung-Chung	-	-	-	-	
General Manager Office and concurrently Senior Vice President of the Logistics Management Division	Wang Sheng-Po	-	-	-	-	

Job Title	Name	2023		Until March 31 of the current year		Remarks
		Increase (decrease) in shares held (Thousand shares)	Increase (decrease) in shares pledged (Thousand shares)	Increase (decrease) in shares held (Thousand shares)	Increase (decrease) in shares pledged (Thousand shares)	
Vice President of Sales Division	Chin Nien-Ting	-	-	N/A	N/A	2023/5/18 Resign
Vice President, Sales Dept.	Huang Hsin-Hsin	(4)	-	N/A	N/A	2023/6/30 Resign
Vice President, Sales Dept.	Chu Chin-E	-	-	-	-	Assume the position on Aug 8, 2023
Vice President, Sales Dept.	Chiang Mei-Hu	-	-	-	-	Assume the position on Nov 8, 2023
Vice President, Sales Dept.	Liao Fang-Ying	(19)	-	-	-	-
Vice President, Sales Dept.	Tung Yu-Ju	-	-	-	-	-
Vice President of the Development Dept.	Ke Ying-Hsuan	-	-	-	-	-
Chief Finance Officer	Wu Chien-Der	-	-	-	-	-
Manager of the Accounting Dept.	Tsai Chen-Chih	-	-	-	-	-

Note: No information about equity transfer is required to be specified for this year, as the counterpart of the equity transfer or equity pledge is not a related party.

IX. Information on the relationships among the top 10 shareholders of the Company by shareholdings

March 25, 2024

Name	Shares held in own name		Shares held by spouse or underage children		Shares held in another person's name		If the top 10 shareholders are related parties or are spouses, relatives within 2nd degree of kinship, the titles or names and relations.		Remarks
	Quantity of shares (thousand shares)	Share-holdings	Quantity of shares (thousand shares)	Share-holdings	Quantity of shares (thousand shares)	Share-holdings Ratio	Designation (or Name)	Relation-ship	
CMC Magnetics Corp.	11,669	7.98	-	-	-	-	-	-	-
Responsible Person: Wong Ming-Sen	-	-	-	-	-	-	Liang Dao Investment Co., Ltd. Responsible Person: Wu Tao-Chang	Relative by marriage	-
							NELSON SPORT CO., LTD. Responsible Person: Yang Ching-Hon	Relative by marriage	
							Jing Zong Investment Co., Ltd.: Responsible Person: Wang Fang-Chung	Relative by marriage	
							Jun Dao Investment Co., Ltd. Responsible Person: Yang Hui-Hsin	Relative by marriage	
CHC International Investment Co., Ltd.	9,522	6.52	-	-	-	-	-	-	-
Responsible Person: Cheng Tsung-An	-	-	-	-	-	-	-	-	-
TSENG, LI-YU-LIEN	7,488	5.12	-	-	-	-	Baohong Investment Co., Ltd. Responsible Person: TSENG,BAU-TANG	Couple	-
Xin Wang Ai Investment Co., Ltd.	6,501	4.45	-	-	-	-	-	-	-
Responsible Person: Su Chiung-Chung	49	0.03	-	-	-	-	-	-	-
Liang Dao Investment Co., Ltd.	6,160	4.21	-	-	-	-	-	-	-
Responsible Person: Wu Tao-Chang	75	0.05	376	0.26	-	-	Jun Dao Investment Co., Ltd. Responsible Person: Yang Hui-Hsin	Couple	-
							NELSON SPORT CO., LTD.:	Relative by	-

Name	Shares held in own name		Shares held by spouse or underage children		Shares held in another person's name		If the top 10 shareholders are related parties or are spouses, relatives within 2nd degree of kinship, the titles or names and relations.		Remarks
	Quantity of shares (thousand shares)	Share-holdings	Quantity of shares (thousand shares)	Share-holdings	Quantity of shares (thousand shares)	Share-holdings Ratio	Designation (or Name)	Relationship	
							Responsible Person:Yang Ching-Hon	marriage	
							Jing Zong Investment Co., Ltd.: Responsible Person:Wang Fang-Chung	Relative by marriage	-
							CMC Magnetics Corp. Responsible Person: Wong Ming-Sen	Relative by marriage	-
NELSON SPORT CO., LTD.	5,839	4.00					TSENG, LI-YU-LIEN	Couple	
Responsible Person: Yang Ching-Hon							CMC Magnetics Corp. Responsible Person: Wong Ming-Sen	Relative by marriage	
							Jing Zong Investment Co., Ltd.: Responsible Person:Wang Fang-Chung	Couple	
							Liang Dao Investment Co., Ltd. Responsible Person: Wu Tao-Chang	Relative by marriage	
							Jun Dao Investment Co., Ltd. Responsible Person: Yang Hui-Hsin	Brother and Sister	
Baohong Investment Co., Ltd.	5,107	3.49							
Responsible Person:TSENG,BAU-TANG							TSENG, LI-YU-LIEN	Couple	
Jing Zong Investment Co., Ltd.	4,932	3.37							
Responsible Person: Wang Fang-Chung							CMC Magnetics Corp. Responsible Person: Wong Ming-Sen	Relative by marriage	
							NELSON SPORT CO., LTD.:	Couple	

Name	Shares held in own name		Shares held by spouse or underage children		Shares held in another person's name		If the top 10 shareholders are related parties or are spouses, relatives within 2nd degree of kinship, the titles or names and relations.		Remarks
	Quantity of shares (thousand shares)	Share-holdings	Quantity of shares (thousand shares)	Share-holdings	Quantity of shares (thousand shares)	Share-holdings Ratio	Designation (or Name)	Relationship	
							Responsible Person: Yang Ching-Hon		
							Liang Dao Investment Co., Ltd. Responsible Person: Wu Tao-Chang	Relative by marriage	
							Jun Dao Investment Co., Ltd. Responsible Person: Yang Hui-Hsin	Relative by marriage	
Paul Investment Co., Ltd.	4,703	3.22	-	-	-	-	-	-	-
Responsible Person: Liu Yu-Li	-	-	-	-	-	-	-	-	-
Jun Dao Investment Co., Ltd.	4,218	2.89	-	-	-	-	-	-	-
Responsible Person: Yang Hui-Hsin	376	0.26	75	0.05	-	-	Liang Dao Investment Co., Ltd. Responsible Person: Wu Tao-Chang	Couple	-
							Jing Zong Investment Co., Ltd.: Responsible Person: Wang Fang-Chung	Relative by marriage	-
							CMC Magnetics Corp. Responsible Person: Wong Ming-Sen	Relative by marriage	-
							NELSON SPORT CO., LTD.: Responsible Person: Yang Ching-Hon	Brother and Sister	-

X. Number of shares invested in a single company which are held by the Company, the Company's directors, supervisors and managers and the entities directly or indirectly controlled by the Company and consolidated shareholding percentage of the above categories

March 25, 2024

Investee (Note 1)	Investment by the Company		Investment by the directors, supervisors, managers and the entities directly or indirectly controlled		Comprehensive investment	
	Quantity of shares (thousand shares)	Shareholdings	Quantity of shares	Shareholdings	Quantity of shares (thousand shares)	Shareholdings
Tainan Enterprise (BVI) Co., Ltd.	170	100.00%	-	-	170	100.00%
PT. Tainan Enterprises Indonesia	2,400	100.00%	-	-	2,400	100.00%
Tainan Enterprise (Cambodia) Co., Ltd.	1	100.00%	-	-	1	100.00%
PT.Andalan Mandiri Busana	6	100.00%	-	-	6	100.00%
Beyoung Fashion Co., Ltd.	5,050	100.00%	-	-	5,050	100.00%
Tainan Enterprises. (Vietnam) Co., Ltd.	-	100.00%	-	-	-	100.00%
PT CAHAYA IDNDAH GLOBAL	1,900	100.00%	-	-	1,900	100.00%
Yixing Gaoqing Garment Co., Ltd.	-	100.00%	-	-	-	100.00%
Zhoukou Tainan Garments Co., Ltd.	-	100.00%	-	-	-	100.00%
T&G Fashion Co., Ltd.	3,300	100.00%	-	-	3,300	100.00%
Golden Harbor Garment (Cambodia) Limited.	-	100.00%	-	-	-	100.00%
Jin-Sovann Fashions(Cambodia) Limited	-	100.00%	-	-	-	100.00%
Camitex II (Cambodia) MFG	0.1	100.00%	-	-	0.1	100.00%

Note 1: The Company's long-term investment under equity method.

Four. Funding Status

I. Capital and Shares

(I) Source of capital stock

March 25, 2024

Unit: Shares; NT\$ thousand

Year/Month	Issue Price (NT\$)	Authorized Capital Stock		Paid-in Capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of capital stock	Offset by any property other than cash	Others
1992/10	10	19,500,000	195,000	19,500,000	195,000	Cash capital increase 75,000	—	Note 1
1996/08	10	30,000,000	300,000	24,589,800	245,898	Recapitalization of capital surplus 29,250 Issuance of new shares upon merger 21,648	—	Note 2
1997/07	10	30,000,000	300,000	29,507,760	295,078	Recapitalization of capital surplus 24,590 Recapitalization of earnings 24,590	—	Note 3
1998/05	10	60,000,000	600,000	38,360,088	383,601	Recapitalization of capital surplus 29,508 Recapitalization of earnings 59,015	—	Note 4
1999/08	10	90,000,000	900,000	67,540,132	675,401	Cash capital increase 100,000 Recapitalization of earnings 191,800	—	Note 5
2000/08	10	94,836,200	948,362	94,836,200	948,362	Recapitalization of earnings 270,161 Recapitalization of employee bonus 2,800	—	Note 6
2001/07	10	142,800,000	1,428,000	116,090,200	1,160,902	Recapitalization of earnings 212,540	—	Note 7
2002/07	10	142,800,000	1,428,000	122,394,800	1,223,948	Recapitalization of employee bonus 5,001 Recapitalization of capital surplus 58,045	—	Note 8
2003/07	10	142,800,000	1,428,000	122,894,800	1,228,948	Recapitalization of employee bonus 5,000	—	Note 9
2004/08	10	142,800,000	1,428,000	123,394,800	1,233,948	Recapitalization of employee bonus 5,000	—	Note 10
2005/03	10	142,800,000	1,428,000	123,548,370	1,235,484	Overseas unsecured convertible corporate bond holder requests conversion of bonds to common shares for capital increase 1,536	—	Note 11

Year/Month	Issue Price (NT\$)	Authorized Capital Stock		Paid-in Capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of capital stock	Offset by any property other than cash	Others
2005/07	10	142,800,000	1,428,000	125,283,854	1,252,839	Recapitalization of earnings 12,355 Recapitalization of employee bonus 5,000	—	Note 12
2006/08	10	200,000,000	2,000,000	127,037,000	1,270,370	Recapitalization of earnings and capital surplus 12,528 Recapitalization of employee bonus 5,003	—	Note 13
2006/12	10	200,000,000	2,000,000	128,777,453	1,287,775	Overseas unsecured convertible corporate bond holder requests conversion of bonds to common shares for capital increase 17,405	—	Note 14
2007/04	10	200,000,000	2,000,000	133,743,264	1,337,433	Overseas unsecured convertible corporate bond holder requests conversion of bonds to common shares for capital increase 49,658	—	Note 15
2007/07	10	200,000,000	2,000,000	136,460,069	1,364,601	Overseas unsecured convertible corporate bond holder requests conversion of bonds to common shares for capital increase 27,168	—	Note 16
2007/08	10	200,000,000	2,000,000	138,324,700	1,383,247	Recapitalization of earnings and capital surplus 13,646 Recapitalization of employee bonus 5,000	—	Note 17
2007/10	10	200,000,000	2,000,000	138,919,001	1,389,190	Overseas unsecured convertible corporate bond holder requests conversion of bonds to common shares for capital increase 5,943	—	Note 18
2008/04	10	200,000,000	2,000,000	139,830,508	1,398,305	Overseas unsecured convertible corporate bond holder requests conversion of bonds to common shares for capital increase 9,115	—	Note 19
2009/06	10	200,000,000	2,000,000	146,822,034	1,468,220	Recapitalization of earnings 69,915	—	Note 20
2013/12	10	200,000,000	2,000,000	146,851,034	1,468,510	Exercise of employee stock warrants 290	—	Note 21
2014/08	10	200,000,000	2,000,000	146,859,034	1,468,590	Exercise of employee stock warrants 80	—	Note 22
2015/01	10	200,000,000	2,000,000	146,645,034	1,466,450	Capital reduction upon cancelation of treasury stock 214	—	Note 23

Year/Month	Issue Price (NT\$)	Authorized Capital Stock		Paid-in Capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of capital stock	Offset by any property other than cash	Others
2015/04	10	200,000,000	2,000,000	146,731,034	1,467,310	Exercise of employee stock warrants 86	—	Note 24
2015/10	10	200,000,000	2,000,000	146,429,034	1,464,290	Capital reduction upon cancelation of treasury stock 302	—	Note 25
2016/02	10	200,000,000	2,000,000	146,734,034	1,467,340	Exercise of employee stock warrants 305	—	Note 26
2016/07	10	200,000,000	2,000,000	147,108,034	1,471,080	Exercise of employee stock warrants 374		Note 27
2016/10	10	200,000,000	2,000,000	147,136,034	1,471,360	Exercise of employee stock warrants 28		Note 28
2017/01	10	200,000,000	2,000,000	147,145,034	1,471,450	Exercise of employee stock warrants 9		Note 29
2017/05	10	200,000,000	2,000,000	147,148,034	1,471,480	Exercise of employee stock warrants 3		Note 30
2017/12	10	200,000,000	2,000,000	147,151,034	1,471,510	Exercise of employee stock warrants 3		Note 31
2018/4	10	200,000,000	2,000,000	147,153,534	1,471,535	Exercise of employee stock warrants 2.5		Note 32
2023/6	10	200,000,000	2,000,000	146,153,534	1,461,535	Capital reduction upon cancelation of treasury stock 1,000		Note 33

Note 1: Approved by MOEA letter under "Jing (81)-Shang 121461" dated October 20, 1992.

Note 2: Approved by Securities Commission, MOF letter under (85) Tai-Cai-Zheng (1) No. 42402 dated July 17, 1996.

Note 3: Approved by Securities Commission, MOF letter under (86) Tai-Cai-Zheng (1) No. 53780 dated July 17, 1997.

Note 4: Approved by Securities and Futures Commission, MOF letter under (87) Tai-Cai-Zheng (1) No. 37631 dated May 5, 1998.

Note 5: Approved by Securities and Futures Commission, MOF letter under (88) Tai-Cai-Zheng (1) No. 45024 dated May 19, 1999.

Note 6: Approved by Securities and Futures Commission, MOF letter under (89) Tai-Cai-Zheng (1) No. 50825 dated June 14, 2000.

Note 7: Approved by Securities and Futures Commission, MOF letter under (90) Tai-Cai-Zheng (1) No. 128957 dated May 14, 2001.

Note 8: Approved by Securities and Futures Commission, MOF under (91) Tai-Cai-Zheng (1) No. 126689 dated May 16, 2002.

Note 9: Approved by Securities and Futures Commission, MOF letter under (92) Tai-Cai-Zheng (1) No. 0920125206 dated June 10, 2003.

Note 10: Approved by Securities and Futures Bureau, FSC, Executive Yuan letter under Zheng-Qi (1)-Zi No. 0930129967 dated July 7, 2004.

Note 11: Approved by TWSE letter under Tai-Zheng-Shang-Zi No. 0940017355 dated June 30, 2005.

Note 12: Approved by FSC, Executive Yuan letter under Jin-Guan-Zheng-1-Zi No. 0940122557 dated June 6, 2005.

Note 13: Approved by FSC, Executive Yuan letter under Jin-Guan-Zheng-1-Zi No. 0950128126 dated July 4, 2006.

Note 14: Approved by TWSE letter under Tai-Zheng-Shang-Zi No. 09600026591 dated January 29, 2007.

Note 15: Approved by TWSE letter under Tai-Zheng-Shang-Zi No. 09600129051 dated May 28, 2007.

Note 16: Approved by TWSE letter under Tai-Zheng-Shang-Zi No. 09600225541 dated August 7, 2007.

Note 17: Approved by FSC, Executive Yuan letter under Jin-Guan-Zheng-1-Zi No. 0960032312 dated June 27, 2007.

Note 18: Approved by TWSE letter under Tai-Zheng-Shang-Zi No. 09600343061 dated November 20, 2007.

Note 19: Approved by TWSE letter under Tai-Zheng-Shang-Zi No. 09700133851 dated May 26, 2008.

Note 20: Approved by FSC, Executive Yuan letter under Jin-Guan-Zheng-1-Zi No. 0980033347 dated July 6, 2009.

Note 21: Approved by TWSE letter under Tai-Zheng-Shang-1-Zi No. 1030001247 dated January 13, 2014.

Note 22: Approved by TWSE letter under Tai-Zheng-Shang-1-Zi No. 1030016586 dated August 13, 2014.

Note 23: Approved by TWSE letter under Tai-Zheng-Shang-1-Zi No. 1040002490 dated February 6, 2015.

Note 24: Approved by TWSE letter under Tai-Zheng-Shang-1-Zi No. 1040017293 dated August 27, 2015.

Note 25: Approved by TWSE letter under Tai-Zheng-Shang-1-Zi No. 10400215581 dated October 19, 2015.

Note 26: Registration of the changes approved by MOEA letter under Jing-Shou-Shang-Zi No. 10501051010 dated March 22, 2016

Note 27: Registration of the changes approved by MOEA letter under Jing-Shou-Shang-Zi No. 10501189690 dated August 10, 2016.

Note 28: Registration of the changes approved by MOEA letter under Jing-Shou-Shang-Zi No. 10501259450 dated November 9, 2016.

Note 29: Registration of the changes approved by MOEA letter under Jing-Shou-Shang-Zi No. 10601014590 dated February 15, 2017.

Note 30: Registration of the changes approved by MOEA letter under Jing-Shou-Shang-Zi No. 10601065580 dated May 22, 2017.

Note 31: Registration of the changes approved by MOEA letter under Jing-Shou-Shang-Zi No. 10601162820 dated December 5, 2017.

Note 32: Registration of the changes approved by MOEA letter under Jing-Shou-Shang-Zi No. 10701038500 dated April 10, 2018.

Note 33: Registration of the changes approved by MOEA letter under Jing-Shou-Shang-Zi No. 11230096680 dated May 5, 2023.

March 25, 2024

Type of share	Authorized capital stock			Remarks
	Outstanding shares	Unissued shares	Total	
Common shares	146,153,534 shares	53,846,466 shares	200,000,000 shares	The Company's stocks are listed on TWSE.

(II) Shareholder Structure

March 25, 2024

Shareholder Structure Quantity	Government agencies	Financial institutions	Other juristic persons	Individuals	Foreign institutions and juristic persons	Total
Number of persons	0	0	46	12,610	78	12,734
Shares held	0	0	80,447,517	54,417,958	11,288,059	146,153,534
Shareholdings	0.00	0.00	55.04	37.24	7.72	100.00

(III) Distribution of equity

1. Common shares: Par value at NT\$10 per share

March 25, 2024

Shareholdings category	Number of shareholders	Shares held	Shareholdings
1~999	7,812	1,181,912	0.81
1,000~5,000	3,749	7,401,472	5.06
5,001~10,000	546	4,107,997	2.81
10,001~15,000	170	2,091,703	1.43
15,001~20,000	114	2,077,006	1.42
20,001~30,000	91	2,282,346	1.56
30,001~40,000	51	1,807,539	1.24
40,001~50,000	50	2,259,867	1.55
50,001~100,000	56	4,019,940	2.75
100,001~200,000	28	3,790,328	2.59
200,001~400,000	27	7,558,181	5.17
400,001~600,000	11	5,181,028	3.54
600,001~800,000	3	2,024,982	1.39
800,001~1,000,000	1	1,000,000	0.68
More than 1,000,001	25	99,369,233	68.00
Total	12,734	146,153,534	100.00

2. Preferred shares: none.

(IV) List of major shareholders

March 25, 2024

Name of major shareholder	Shares held (shares)	Shareholdings %
CMC Magnetics Corp.	11,669,000	7.98%
CHC International Investment Co., Ltd..	9,522,000	6.52%
TSENG, LI-YU-LIEN	7,488,000	5.12%
Shinwang Ai Investment Co., Ltd.	6,501,331	4.45%
Liang Dao Investment Co., Ltd.	6,159,821	4.21%
NELSON SPORT CO., LTD.	5,839,000	4.00%
Baohong Investment Co., Ltd.	5,107,000	3.49%
Jingzong Investment Co., Ltd.	4,932,000	3.37%
Paul Investment Co., Ltd.	4,702,808	3.22%
Jundao Investment Co., Ltd	4,217,947	2.89%

Note: Top 10 shareholders

(V) Market price, net worth, earnings, dividend per share in the recent two years, and related information

Unit: NT\$ Thousand

Item \ Year			2022	2023
Market price per share (Note 1)	Highest market price		\$23.30	\$32.70
	Lowest market price		17.55	20.30
	Average market price		20.26	26.31
Net worth per share (Note 2)	Before distribution		24.21	25.31
	(After distribution)		23.21	Not approved upon the resolution of shareholders' meeting
EPS (Earnings per share)	Earnings per share	Before retroactive adjustment	146,154	146,154
		After retroactive adjustment	146,154	146,154
	Earnings per share (Note 3)	Before retroactive adjustment	2.06	2.13
		After retroactive adjustment	2.06	2.13
Dividends per share	Cash dividends		1-	Not approved upon the resolution of shareholders' meeting
	Dividends per share		—	
	Stock dividends	Dividends from retained earnings	—	
		Dividends from capital surplus	—	
	Unpaid-for Dividends (Note 4)		—	
Return on investment	Price/Earnings ratio (Note 5)		9.45	11.96
	Price/Dividend ratio (Note 6)		19.47	Not approved upon the resolution of shareholders' meeting
	Cash dividend yield rate (Note 7)		0.0514	

Note 1: List the highest and lowest market prices of the common shares in each year, and calculate the average market price based on the annual trading value and volume of each year.

Note 2: Please use the number of issued shares at the end of year as the basis, and fill in the column according to the resolved distribution of the Board Meeting or shareholders' meeting in the next year.

Note 3: If any retrospective adjustment shall be made due to bonus shares, the EPS before and after the adjustment shall be listed.

Note 4: Where the issuance conditions of equity securities specifies that the undistributed dividends in a year may be accumulated to be distributed in the year with profit, the accumulated undistributed dividends as of the year may be disclosed.

Note 5: Price / Earnings ratio = average closing price per share of the year / EPS

Note 6: Price/dividend ratio = average closing price per share of the year / cash dividend per share

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

Note 8: For net worth per share and EPS, the latest data as of the publication date of annual report audited (reviewed) by the CPAs shall be used; for other columns, the data of the year as of the publication date of annual report shall be used.

(VI) The Company's Dividend Policy and Implementation Status

1. Dividend Policy

The Company's dividend policy is to distribute dividends to shareholders in an amount not less than 30% of the distributable earnings for the period in accordance with the Company's current and future development plans, the investment environment, capital requirements and domestic and international competition, as well as the interests of shareholders taken into account. The distribution of dividends to shareholders may be made in cash or in stock,

with the percentage of cash dividends being no less than 10% of the total dividends. If there is any surplus in the Company's earnings as concluded by the annual accounting book close, after paying tax and making up for accumulated losses, 10% shall be set aside as legal reserve, except when the legal reserve has reached the Company's paid-in capital, and the remainder shall be set aside or reversed as special reserve in accordance with the law; if there is any remaining balance, it shall be set aside as distributable earnings for the current period. The accumulated undistributed earnings for the current period, together with the accumulated undistributed earnings of the previous year, is the accumulated distributable earnings. The Board Meeting shall prepare an earnings distribution and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders.

- (1) Profit sharing remuneration to employees shall be distributed at a rate of not less than one percent of the current year's profit and shall be in the form of stock or cash and the recipients of profit sharing remuneration in stock or cash may include employees of subordinate companies who meet certain criteria. The Board Meeting is authorized to determine the specific measures.
- (2) Profit sharing remuneration to directors shall be distributed at a rate of not more than 5% of the current year's profit.
(Note) The current year's profit refers to the current year's income before tax before the distribution of the profit sharing remuneration to employees and directors.
- (3) The shareholders' bonus shall not be less than 30% of the distributable earnings for the current period. The distribution of dividends to shareholders may be made in cash or in stock, with the percentage of cash dividends being no less than 10% of the total dividends.

2. Proposed dividend distribution at the shareholders' meeting

The Company's 2023 earnings distribution plan has been passed per resolution of the Board of Directors' meeting on March 7, 2024. It proposed to distribute the cash dividend at NT\$1.2 per share, totaling NT\$175,384,241. If the number of outstanding shares is subsequently affected by the retirement of shares or the issuance of new shares due to the repurchase of the Company's shares or the exercise of employee stock options, please authorize the Chairperson to adjust the distribution rate based on the actual number of outstanding shares of the Company on the base date of dividends distribution in accordance with the total amount of earnings proposed to be distributed from the common stock resolved at the shareholders' meeting. Cash dividends are calculated on the basis of the distribution rate up to 1NT\$, round off to 1NT\$, and the sum of fractional amounts less than 1NT\$ is posted to the Company's other income. The aforementioned distribution of cash dividends is proposed to be approved by the 2024 regular shareholders' meeting, and the Chairman is authorized to separately set the base date and payment date of cash dividends.

- (VII) The effect of the proposed stock dividends at the shareholders' meeting on the Company's operating results and earnings per share: Not applicable.
- (VIII) Profit sharing remuneration to employees, directors and supervisors:
 1. The percentage or range of profit sharing remuneration to employees and directors as stated in the Articles of Incorporation: Refer to the explanation of (VI) The Company's Dividend Policy and Implementation Status
 2. The basis for estimating the amount of profit sharing remuneration to employees and directors, the basis for calculating the number of shares to be distributed as stock dividends, and the accounting treatment if the actual amount distributed differs from the estimated amount:
 - (1) The basis for estimating the profit sharing remuneration to employees and directors is based on the percentage and range as stated in the Company's Articles of Incorporation.
 - (2) The basis for calculating the number of shares to be distributed as stock dividends: The Company did not

distribute stock dividends in 2023

- (3) The actual distribution amount resolved by the Board Meeting was not different from the estimated amount.
3. Information on the Board Meeting's approval of the distribution of bonus to employees:
- (1) The Company's 2023 pre-tax income before the distribution of employees' and directors' remuneration is NT\$346,200 thousand. The proposed cash distribution of employee remuneration in the amount of NT\$4,000,000 and director remuneration in the amount of NT\$6,600,000 is not different from the estimated employee remuneration of NT\$4,000,000 and director remuneration of NT\$6,600,000 in the accounts.
- (2) The percentage of the amount of employee stock distribution approved by the Board Meeting to the total amount of net income after tax and profit sharing remuneration to employees for the period: Not applicable as there was no employee stock distribution resolve at the Board Meeting.
- (3) Estimated earnings per share after considering profit sharing remuneration to employees, directors and supervisors: Not applicable as profit sharing remuneration to employees, directors and supervisors are posted as expenses.
4. The difference between the actual amount of profit sharing remuneration to employees, directors and supervisors in the previous year (including the number of shares distributed, the amount and the price of the shares) and the recognized amount of profit sharing remuneration to employees, directors and supervisors, the reasons for the difference and the treatment of the difference should be described: The Company's 2022 pre-tax income before the distribution of employees' and directors' remuneration is NT\$322,405 thousand. The proposed cash distribution of employee remuneration in the amount of NT\$4,000,000 and director remuneration in the amount of NT\$6,600,000 is not different from the estimated employee remuneration of NT\$4,000,000 and director remuneration of NT\$6,600,000 in the accounts.
- 5.

(IX) Status of repurchase of the Company's own shares by the Company:

1. Status of repurchase of the Company's own shares by the Company (if repurchase already completed)

March 25, 2024

Ordinal number of the shares bought back	1st (term)	2nd (term)	3rd (term)	4th (term)	5th (term)	6th (term)	7th (term)	8th (term) Note
Purpose of buyback	To transfer shares to employees	To transfer shares to employees	To transfer shares to employees	To transfer shares to employees	To transfer shares to employees	To transfer shares to employees	To transfer shares to employees	To transfer shares to employees
Duration of the shares bought back	2011/03/03~ 2011/04/29	2011/08/18~ 2011/10/14	2011/12/26~ 2012/01/13	2012/07/19~ 2012/08/22	2013/12/27~ 2014/02/26	2015/01/21~ 2015/03/20	2015/09/23~ 2015/11/22	2018/03/30~ 2018/05/22
Buyback price range (NT\$)	35.00~50.00	35.00~50.00	35.00~50.00	30.00~45.00	30.00~40.00	25.00~35.00	25.00~35.00	23.00~30.00
Type and quantity of shares bought back (Thousand Shares)	Ordinary shares/1,000	Ordinary shares /500	Ordinary shares /620	Ordinary shares/1,000	Ordinary shares /600	Ordinary shares/1,000	Ordinary shares /500	Ordinary shares /1,000
Amount of shares bought back (NT\$ Thousand)	38,475	18,949	22,517	28,394	18,865	27,455	12,802	22,663
Current average buyback price per share (NT\$)	38.48	37.9	36.32	28.39	31.44	27.45	25.6	22.66
Quantity of buyback to the scheduled quantity of buyback Ratio (%)	100%	100%	100%	100%	100%	100%	100%	100%
Quantity of shares having been canceled and transferred	1,000	500	620	1,000	600	1,000	500	1,000
Cumulative quantity of the issued shares held by the Company (Thousand Shares)	0	0	0	0	0	0	0	0
Cumulative quantity of the issued shares held by the Company to the total quantity of shares issued by the Company (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00

2. Buyback of the Company's shares (for those under execution): None.

- II. Corporate bond operations: None.
- III. Preferred share operations: None.
- IV. Overseas depository receipt operations: None.
- V. Employee stock warrant operation: None.
- VI. Issuance of new shares in connection with mergers or acquisitions, or acquisitions of shares, of other companies: None.
- VII. Implementation of Capital Utilization Plan
 - (I) Projects: For any issuance or private placement of securities that were not completed or issuance/private placements that were completed but have yet to achieve the intended benefits by the quarter before the publication date of annual report: None
 - (II) Implementation status: Analyze each of the above projects up till the quarter before the publication date of annual report, and compare execution with expected benefits. For any project that does not meet the targeted progress or benefit, state the underlying reasons, how it affects shareholder equity, and improvement plans: N/A.

Five. Overview of Business

I. Descriptions about the Business

(I) Scope of business:

1. Current major business lines:

- (1) Clothing and fabric materials processing, manufacturing, wholesale and retail.
- (2) domestic sales and export of apparel on behalf of domestic and foreign manufacturers.
- (3) International trade.
- (4) Textile and plastics business management.
- (5) Fabric dyes, pigments, metalware, steel, machinery and appliances, chemical raw materials and electrical materials trading.
- (6) Construction of residence and business buildings by commissioned construction contractors for lease and sale.
- (7) Construction materials trade and import/export.
- (8) apparel machinery assembly and installation, manufacturing and trade.
- (9) Import/export of products referred to in the preceding paragraph.

2. Relative weight of the business lines and current products of the Company: as a local manufacturer professional and experienced in apparel for six decades, the Company is engaged in producing various long and short pants, dresses, tops and coats, etc. per customers' needs, in order to provide consumers with suitable apparel for various occasions. The Company's operating revenue is primarily generated from apparel production and sale and trade of raw materials for garment.

The weight thereof in the operating revenue 2023 is stated as follows:

Item	Total Sales
Garment	100.00%
Brand	-%
Total	100.00%

3. New products under the development plan:

For the time being, the Company develops different styles subject to customers' needs and in line with the fashion. Meanwhile, the Company will continue to strengthen the research and improvement of various patternmaking, production and washing technologies and plan to engage in a strategic alliance with fabric manufacturers to combine the expertise of upstream and downstream dealers, research diversified products and create a win-win situation for both parties' operating revenue.

(II) Overview of industry:

1. Overview and development of domestic industry:

According to the import and export trade statistical data of Taiwan's customs, the total export value of Taiwan amounted to US\$392.559 billion from January to November 2023, declining by 12% from the same period in 2022, while the total import value amounted to US\$323.101 billion, declining by 19%. The trade surplus was US\$69.458 billion, growing by 49.6%. In terms of the textile trade, the total export value of Taiwan amounted to US\$6.086 billion from January to November 2023, declining by 26%, while the total import value amounted to US\$3.335 billion, declining by 8%. The trade surplus was US\$2.751 billion, declining by US\$1.883 billion, i.e., 41%, from the same period of 2022.

Taiwan's textile import and export from January to November 2023

Unit: US\$ hundred million

Import and export trade	Export		Import		Export surplus/import surplus	Growth rate % Export value
	Export value	Growth rate %	Import value	Growth rate %		
Overall trade	3,925.59	-12%	3,231.01	-19%	694.58	49.6%
Textile	60.86	-26%	33.35	-8%	27.51	-41%
Weight of textile in the overall trade	1.55%	-	1.03%	-	3.96%	-

Source: Data compiled by the Taiwan Textile Federation

According to the analysis based on the export value, the major exported products include fabric (71%) and then yarns (13%), fiber (6%), garment and apparel accessories (5%), and miscellaneous textile (5%). Among the five major exported products, the bulk export value of fabric declined by 27%, while the export value of fiber declined by 12%, yarns declining by 27%, garment and apparel accessories declining by 26% and miscellaneous textile declining by 30%. According to the analysis based on the import value, among the major imported products, the import value of garments and apparel accessories, accounting for the most significant proportion (60% of the imported products), grew by 4%, then fabric (13%) declining by 22%, miscellaneous textile (11%) declining by 10%, yarns (8%) declining by 39% and fiber (8%) declining by 9%.

Product Items	Export value (US\$ hundred million)	Weight (%)	Compared with the same period of last year (%)	Export volume (tens of thousand tons)	Compared with the same period of last year (%)	Unit price (US\$/KG)	Compared with the same period of last year (%)
1. Fiber	3.56	6%	-12	27.95	-7	1.28	-6
2. Yarns	7.97	13%	-27	26.48	-22	3.01	-6
3. Fabric	43.37	71%	-27	46.73	-23	9.28	-5
4. Garment and apparel accessories	2.96	5%	-26	1.27	-28	23.34	2
5. Miscellaneous textile	3.00	5%	-30	5.45	-22	5.49	-10
Total	60.86	100%	-26	107.88	-19	5.64	-9

Source: Data compiled by Taiwan Textile Federation

According to the analysis by export territories, the largest export market for Taiwan's textile is Vietnam, followed by Mainland China, the USA, Indonesia and Cambodia. The weight thereof in the export attains 59%. For the export items, the export of fabric is in the first place for bulk export in the five export territories and the export value for Vietnam is the largest, while the weight for Cambodia is the highest. In terms of the import territories, Mainland China is in the first place among the sources of import, followed by Vietnam, EU, Japan and the USA. The total import value attains 78%. Among the other things, the Company imports garments and apparel accessories primarily from Mainland China, Vietnam and EU, fabric primarily from Japan and fiber primarily from the USA.

Statistics About Main Export Markets for Taiwan's Textile from 2019 to January~November 2023

Unit: US\$ hundred million

2019	Main Export Territory	Vietnam	the mainland China	USA	Hong Kong	Indonesia	Others
	Export value	22.25	15.84	6.98	4.81	4.47	45.65
	Weight in the total export value	24%	17%	8%	5%	5%	41%
2020	Main Export Territory	Vietnam	the mainland China	USA	EU	Indonesia	Others
	Export value	19.02	12.55	6.82	3.70	3.57	54.34
	Weight in the total export value	25%	17%	9%	5%	5%	39%
2021	Main Export Territory	Vietnam	the mainland China	USA	Indonesia	Cambodia	Others
	Export value	23.15	14.81	8.15	4.58	4.45	44.86
	Weight in the total export value	26%	16%	9%	5%	5%	39%
2022	Main Export Territory	Vietnam	the mainland China	USA	Indonesia	Cambodia	Others
	Export value	23.6	12.57	7.87	5.4	4.31	46.25
	Weight in the total export value	27%	14%	9%	6%	5%	39%
2023	Main Export Territory	Vietnam	the mainland China	USA	Indonesia	Cambodia	Others
January~	Export value	16	8.45	5.41	3.74	2.71	24.55
November	Weight in the total export value	26%	14%	9%	6%	4%	41%

Source: Department of Statistics, MOEA and Development Dept. of Taiwan Textile Federation.

The top 5 export markets for Taiwan's textile primarily accept fabric products. The one generating the largest export value is Vietnam at US\$1.331 billion. The one in which fabric accounts for the largest export volume is Cambodia and the weight thereof reaches 94%.

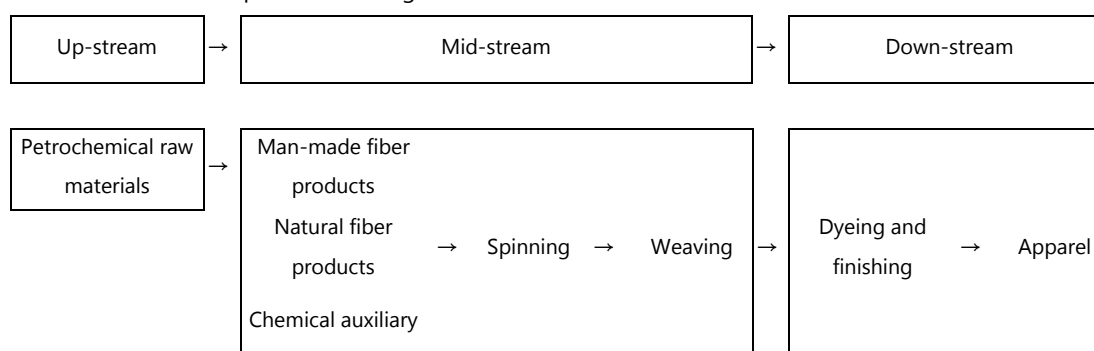
Export Territory	Main Export Items	Export value	% of the textile exported to the territory	Compared with the same period of last year
		(US\$ hundred million)	Weight (%)	(%)
1. Vietnam	Fabric	13.31	83	-26
	Yarns	1.54	10	-34
2. Mainland China	Fabric	5.37	64	-31
	Yarns	2.20	26	-24
3. USA	Fabric	2.92	54	-24
	Garment and apparel accessories	0.88	16	-39
4. Indonesia	Fabric	3.25	87	-27
	Yarns	0.21	6	-6
5. Cambodia	Fabric	2.56	94	-32
	Miscellaneous textile	0.06	2	-32

Source: Department of Statistics, MOEA and Information System of Taiwan Textile Federation.

2. Links between the upstream, midstream and downstream segments of the industry

The chart showing links between the upstream, midstream and downstream segments of the textile and garment industry. It starts from the petrochemical raw materials and natural raw materials in the upstream segment and is processed into silk, then goes through the spinning and weaving the midstream segment and dyeing and finishing in the mid-and down-stream segment, finally produced into the ready-made clothes for sale.

The textile industry is definitely not a sunset industry. For the time being, more and more markets tend to emphasize the functionality and speed of change. Therefore, the Company uses its best efforts to strengthen its ability to design and develop products and based on the strategy for alliance with the midstream dealers, hopes to shorten the production process and achieve rapid response to the market. Then, it is possible for Taiwan to deal with the drastic competition from Korea, Mainland China and Indonesia in the textile apparel and respond to the global market's demand for the pursuit of changes and innovation.



3. Product development trend

The Company's main business lines cover the processing and manufacturing of various garments and trade of materials and products thereof. Changes in demand and supply in terms of the overview of industry, business environment and future market Under the following hypotheses:

(1) Garment self-making

Refers to the forecast sales volume and value from made- to-order items. The Company focuses its market on the territories of the USA, primarily. In the recent years, the Company has used its best effort to develop the markets in Asia and Europe and to deal with the instability caused by the China-US trade. The sales representatives of the factory premises in the territories of China are also striving to develop the domestic sales brand in China. By combining the new production locations and improving the entire production capacity and scale through the OEM, the Company's sales are expected to grow continuously.

(2) Trade of products

- A. Apparel trade: subject to the market conditions for the future year, the sales are expected to grow upon the development of the markets in Asia and Europe and the domestic sales brand market in China.
- B. Trade of materials: it refers to the estimated value for the purchase of materials by the Company on behalf of its subsidiaries, calculated based on the estimated cost rate of the subsidiaries verified according to the subsidiaries' production and marketing volume for the next year and the gross margin for sales estimated by the Company.

4. Competition:

The Company is engaged in export of garments as its main business line, and exports products primarily to the USA, Canada and Japan. For the time being, the Company's competitors include those identical with the Company in nature within the territories of Taiwan and also those from the territories of China, Korea, Hong Kong and India. The industrial competition is analyzed as follows:

(1) The textile industry trend in the leading countries all over the world











According to the statistics of the World Trade Organization (WTO), the global total export value of apparel was US\$576 billion, a YoY by 5%, in 2022, far lower than the amazing growth rate, 20%, in 2021. The sluggish economic growth and the unprecedented high inflation in major markets from which the apparel was imported, especially the United States and Western Europe, have imposed some adverse impact to the budget available to consumers discretionarily (including purchase of apparel). In 2022, the global export value of textile products declined by 4.2%, totaling US\$339 billion, falling behind that of most industrial sectors. Such model is understandable, as the demand for personal protective equipment and related textile materials has declined significantly when the pandemic was coming to an end. The main trends of global textile products and apparel trade in 2022 are specified as following: China was still the world's largest export country of textile products and apparel, but its export growth became sluggish. Notwithstanding, the position of Southeast Asia countries in the global trade of textile products and apparel kept improving. The regionalization and diversification trend of the global textile products and apparel trade became more and more noticeable. Global textile and apparel trade statistics

The global apparel trade amount was US\$548.8 billion in 2021, growing by 21.9% from 2020. For the export of apparels, the four major apparel export countries, including Mainland China, 28 EU member countries, Bangladesh and Vietnam. The global textile trade amounted to US\$354.2 billion in 2021, growing by 7.8% from 2020. Mainland China, 28 EU member countries and India remain the first three places in the global textile export countries, followed by Turkey, the USA and Vietnam. Taiwan is in 9th place with the export amount at about US\$9 billion.

(2) Global Main Textile and Apparel Export Countries

The global export value of the apparel trade totaled US\$576 billion in 2022, a YoY by 5%. For the export of apparels, the four major apparel export countries included Mainland China, 28 EU member countries, Bangladesh and Vietnam. The export value of the global textile products declined by 4.2%, amounting to US\$339 billion in 2022. Mainland China, 28 EU member countries and India remained the first three places in the global textile export countries, followed by Turkey, the USA and Vietnam. Taiwan is in 8th place with the export value amounting to about US\$9 billion.

Top Textile Exporters in 2022 (By value)

	Exporters	Value of exports (\$bn)	Growth rate (2021-2022)	Market shares
1	China	147.8	1.5% 	43.6%
2	European Union	71.5	-2.9% 	21.1%
3	India	19.4	-12.5% 	7.4%
4	Turkey	14.6	-3.8% 	5.7%
5	USA	13.8	5.0% 	4.3%
6	Vietnam	10.8	-5.7% 	4.1%
7	Pakistan	8.7	-5.4% 	3.2%
8	Taiwan	8.3	-2.4% 	2.6%
9	South Korea	8.3	-4.6% 	2.5%
10	Japan	6.0	-3.9% 	2.4%

"Textile" refers to SITC code 65

Table: by Dr. Sheng Lu • Source: WTO (2023) • Created with [Datawrapper](#)

Source: <https://shenglufashion.com/2023/08/14/wto-reports-world-textiles-and-clothing-trade-in-2022/>

Global Top 10 Textile Export Countries in 2022

Top Apparel Exporters in 2022 (By value)

	Exporters	Value of exports (\$bn)	Growth rate (2021-2022)	Market shares
1	China	182.4	3.6%	31.7%
2	European Union	156.4	3.6%	27.1%
3	Bangladesh	45.3	26.6%	7.9%
4	Viet Nam	35.3	13.1%	6.1%
5	Türkiye	19.9	6.3%	3.5%
6	India	17.7	9.7%	3.1%
7	Indonesia	10.1	7.8%	1.7%
8	Cambodia	9.1	12.1%	1.6%
9	Pakistan	8.9	4.9%	1.5%
10	USA	7.2	16.7%	1.2%

"Apparel" refers to SITC code 84

Table: by Dr. Sheng Lu • Source: WTO (2023) • Created with [Datawrapper](#)

Source: <https://shenglufashion.com/2023/08/14/wto-reports-world-textiles-and-clothing-trade-in-2022/>

(3) Global Main Textile and Apparel Export Countries

In 2022, the global import value of textile products and apparel amounted to US\$900 billion, a YoY by 8.9% from 2021. Among the other things, the import value of textile products amounted to US\$305 billion, a YoY by 9.3% from 2021. The major import countries and territories include Mainland China, EU, the United States, Japan and Vietnam. The import value of apparel amounted to US\$595 billion, a YoY by 8.6% from 2021. The major import countries and territories of apparel included EU, the United States, Mainland China, Japan and the other territories in Asia.

(III) Overview of technology and R&D:

1. Listing of research and development expenditures from the current year until the date of publication of the annual report

Unit: NT\$ Thousand

Item \ Year	2023
Research expenditure	74,671

2. Technologies or products developed successfully

- (1) ETS system
- (2) IE working hours analysis system
- (3) SSP Mark cloud system
- (4) Establishment of 3D database
- (5) 3D cloud resource sharing
- (6) The 3D simulation system accelerating the approval rate of proofing
- (7) Completion of development and production of functional products

3. R&D plans for the coming years

- (1) Sharing and evaluation of improvement and innovation of technology of plant construction at home and abroad.
- (2) Pattern making talent reserve plan, professionalism and technology inheritance.
- (3) Sharing and improvement of 2D+3D technologies for domestic and overseas factories.
- (4) Continue the research on the innovation of automated machines and assistive devices.
- (5) Improve all aspects of technology.
- (6) Assist domestic factories in technology upgrade and provide education and training.
- (7) Creation of multiple simulation environments or dedicated resources with virtualization technology.
- (8) Advanced laser cutting and sublimation technology.

(IV) Long-term and short-term business development plans

1. Long-term plans:

- (1) High-quality, high-technology, high-added value and optimal resource allocation: Improve Design and Development Dept.'s functions; submit proposals actively through the close cooperation with sales units to exert synergies; establish the creditability of the technology R&D department to make it become the global R&D center, including exchange of talents and professional technical team; long-term technical talent training; continuous improvement of process and technology; improve competitiveness; get custom-made information logistic supporting system; perfect the information integration platform; control the transparency of orders completely; reduce vague communication and eliminate unnecessary recurring costs. Continue to train the elite, create the middle management's value and upgrade the senior management's utility through the organizational adjustment, in order to achieve the optimal allocation of the Company's resources and respond to the internal/external environmental changes.
- (2) Improve the strengths of multiple production areas in overseas plants: In response to international situations and internal/external environmental changes, when any abnormal condition arises in any production areas, the other production areas may provide real-time production capacity immediately. Due to the impact posed by the epidemic,

the production capacity was not expanded in 2022. Notwithstanding, the Company adopted automated equipment and continued to import the equipment to improve the efficiency and quality of existing production lines. Meanwhile, the Company built each plant's characteristics and focused on its core value and exercised each plant's strengths and specialized the plant to develop optimal products. In response to the recovery of orders in the 2H of the year, the Company will increase and adjust each production area's production capacity in a timely manner.

- (3) Build the strategic partnership and develop local supply chain: The sales of knitting and sportswear products are growing stably. The medical, military and uniform suit products are imported to expand the horizontal integration in width. The Company may hit the depth of the vertical integration through the strategic alliances with fabric manufacturers. Therefore, it will create the effect of synergy for the front-end design, main and auxiliary materials development and back-end washing operations, so as to provide customers with more diversified and unique product choices and to improve customers' loyalty. Develop the local supply chain and produce and supply the main and auxiliary materials directly and locally to avoid problems, such as lack of cabinets and prolonged shipping schedule and shorten the lead time effectively.
- (4) Integrate the internal and external resources to promote the ESG development: control the market, integrate the cross-border resources of the Company and the other peers to exert the effect of synergy; care for the carbon neutrality issue and invest capital in the relevant education and training and strive to make the apparel industry and supply chain become the low-carbon industry; in terms of the environment protection, social responsibility and corporate governance (Environment, Society and Governance, ESG), exercise the social influence with the enterprise's expertise, and use the best effort to achieve links with resources, change of education, engagement in placemaking, sustainable city and circular economy, etc., with dreams, sustainability and diversity and fulfilled corporate responsibility to upgrade the customer's image and continue to promote sustainable development.

2. Short-term plans:

- (1) Develop new products for customers, new customers, new markets, and new business types for the existing customers: focus on the existing customers with growth momentum, strive for new products for them, and seek the existing high-end brand customers for transformation, and develop the new customer types that may balance the low season and offer high unit prices. Improve the threshold of competition through automated equipment, and continue to introduce automated machine to respond to small-volume and large-variety production orders while improving the mass production efficiency. By taking advantage of the multiple production bases to continue to expand the domestic market, we have achieved remarkable results in the domestic markets of Cambodia, China and Taiwan, and also launched into the fields of medical care, military industry and uniforms. We value and proactively developed the business opportunities in various fields.
- (2) Improve the KPI management, control expenditure and overcome abnormality: Build the effective KPI management system to cut the not-exported rate, rate of loss and fabric inventory and improve the operating performance; adopt the detailed management to save costs and increase gross profit in all respects; set forth various standard operating procedures, control and stop abnormality more stricter and take responsive actions as early as possible if any abnormality is found.
- (3) Data management and information integration: Strengthen the ERP, import the MES, strengthen the inter-system information cascade and regenerate the data and experience accumulated in the past in a new manner. Utilize the system to achieve the information cascade for various procedures and collect and monitor the production data generated in the process of manufacturing voluntarily upon receipt of the order and until production, control over

procedures and completion of products, in order to ensure the production quality.

- (4) Investment in technology and digital transformation: Adopt the work from home (WFH) model due to the impact posed by the epidemic, replace the physical patternmaking with 3D patternmaking, save the main and auxiliary materials and also the time cost and achieve the implementation of 3D apparel simulation system; import the RPA to improve the operating efficiency of the order, save time and human resource to optimize other management processes; use the AI image recognition to search the existing data and provide quotation rapidly and combine the working hour section to calculate the working hours rapidly; use the AI visual inspection on the fabric to simulate a real person's right to inspect defects on the surface of cloth and realize AI smart production lines; BI business intelligence system imported to help the management make decision quickly, from the electronic form advanced to digitalization and intellectualization, and use the technology to help operations and management

II. Overview of market and production and marketing

(I) Market analysis

1. The territory where the main products are sold.

The Company's main product refers to apparel, including trousers, short pants, skirts, dresses and jackets, etc., which are primarily provided for export sales. The USA is a market where the apparel is imported in bulk. The sales value and distribution are stated as follows:

Unit: In Thousand TWD

Year	Domestic sales	Export		Total
	DOMESTIC SALES (Taiwan)	The USA	OTHER COUNTRIES	
2023	44,311	4,919,383	1,544,606	6,508,300

2. Market value

Tainan Enterprises Co., Ltd. has run its business as a professional apparel manufacturer for six decades. Its ability in manufacturing apparel and research & development technology are well recognized by local and foreign customers, while it has trained countless talents for the apparel industry. The core management trained by it have exercised their influence step by step in the recent years, for assuming important positions in the Company and making their contributions. Meanwhile, it is also very successful in training the management trainees in the business management and technology.

3. Demand and supply conditions for the market in the future, and the market's growth potential

(1) Demand and supply conditions for the local market in the future

In Taiwan, the upstream and midstream textile dealers play the leading roles dedicated to driving the upstream and midstream business development. Most of the downstream dealers have arranged their global layout as they need plentiful labor forces. In 2022, due to the impact posed by the inflation to the consumption of apparel, and also by the Russia-Ukraine War to the chain channels, the sales speed of popular apparel slowed down and thereby weakened the momentum of order placement. It was apparent that the global distributors were all engaged in the inventory adjustment. According to the statistics gathered by the Department of Statistics, MOEA, the output value of Taiwan's textile industry decreased slightly by 0.9% to NT\$414.2 billion in 2022. Among the other things, based on the observation on the changes in each sub-industry, the output value of the upstream dealer, the chemical fiber industry,

declined by 7.5% to NT\$75.5 billion in 2022, i.e. 18% of the output value of the entire textile industry. The output value of the midstream dealer, the textile industry, grew by 0.3% to NT\$311.5 billion, i.e., 75% of the output value of the entire textile industry. The output value of the downstream dealer, the apparel industry, grew by 4.4% to NT\$27.1 billion, i.e., 7% of the output value of the entire textile industry (Source: Department of Statistics, MOEA, compiled by Taiwan Textile Federation).

(2) Global demand and supply conditions in the future

The wearing apparel industry is identified as a consumer-oriented industry. Therefore, the purchase amount and output of apparel are very sensitive to the economic environment. In 2023, due to the factors including changeable international political and economic situations, interruption from the lift rate by the Fed and uncertain economic recovery outlook. Consumer confidence was so low that the purchasing power in the apparel market became weakened, relatively. As a result, the destocking speed slowed down.

According to the "2024 Fashion Survey Report" released by McKinsey and BoF, the retail sales of the fashion industry in 2024 will increase by 2%~4%. Generative AI, sustainable development, and tourism will provide considerable opportunities for growth and innovation in 2024. However, the "uncertainty" in the economic situation, geopolitics and the pressure from the climate crisis is like a thorn in the side of the fashion industry. Besides, basically, as the cost-saving strategies have been exhausted, the apparel industry cannot help but apply new pricing and promotion strategies to stimulate the sales.

(3) Market's growth potential

Given this, the Company adopts the following development strategies to promote the future apparel business:

- A. Multi-production bases: disperse the overseas production bases in response to the global conditions and regional integration trend, allocate the overseas production operations pro-actively and transform them in a resilient manner to seek the most efficient allocation of output value and cost control.
- B. Specialize the production to exert the characteristics of each production base and apparel types that they are good at to the extreme, in order to enhance the efficiency and quality; continue to improve the knitwear product partners to develop new product lines, expand the scale of cooperation with the major customers and also provide more customers with diversified needs.
- C. Modularize and automatize the production process and technology, and customize the production tools and import new production systems to improve the production procedure and enhance the Company's ability to accept high value-added orders.
- D. Develop the intelligent textile supply chain, apply the big data and cloud technology to analysis and management in order to practice the lean and high-efficiency production and strengthen the production capacity; think about how to drive the manufacturing industry to upgrade and transform, corporate social responsibility and environmental sustainability to drive the industrial development and improve the competitiveness.

In conclusion, in terms of the demand, the Company will maintain its existing market in the USA and pro-actively develop the markets in Asia and Europe. Also, the Company aims at the business opportunities for online shopping and launches into the online marketing business, in order to complement the market consumption power. With respect to R&D of technology and design, the Company always moves forward ahead of customers and final consumers, as it gains an insight into the market trend and perceives opportunities early, in order to provide customers with the products and services best fitting consumers.

With respect to the supply, in order to satisfy consumers' demand for apparel, the Company uses the best effort

to develop the production momentum in the production base located in Vietnam among the existing production bases located in the mainland China, Indonesia, Cambodia and Taiwan and also introduces the professional knitting and performance sportswear partners, develop the diversified product lines and improve the entire production capacity and scale through development of the cooperation with vendors at the factory premises. The production base specialization strategy has exerted the characteristics of each production base and apparel type which it is good at, in order to improve the efficiency and quality and satisfy the diversified needs from the Company's customers. With respect to the infrastructure construction, the Company strengthens its operating systems, optimizes the order acceptance and production capacity control procedure and utilizes the system and develops various analysis tools to respond to the market more rapidly and better the Company's global supply and marketing network.

4. Competitive niche

(1) Abundant business development resources

The Company has engaged in manufacturing apparel for many years, and built fair cooperative relations with the upstream main and auxiliary materials suppliers, vendors and downstream customers. Therefore, when the Company is expanding its business scale, it may receive adequate assistance and support from its partners in respect of production or sale. Given this, the Company aims to build the strategic alliance with suppliers to shorten the R&D process jointly and provide customers with more diversified products to achieve the win-win situation for operating revenue.

(2) Globalized production

The Company's development is oriented toward globalization. The Company has already probed into the overseas investment early and successfully established the production and sale locations in the mainland China, Indonesia and Cambodia, expanded the production capacity in the low-cost production bases and expanded its plants in South East Asia. The Company also continues to add the production plans for the production bases in Java, Indonesia and also in Vietnam, hoping to exert the performance of the resource allocation better and more efficiently. At present, the Company has achieved some remarkable results as it proceeded to globalize its business ahead of the other enterprises, which are still expected to be one of the niches driving the growing business performance in the future.

(3) Rapid adaptability and good quality

An enterprise's survival and development are used to relying on whether or not it has created its own competitive niches. The Company has trained its core competitiveness and rapid adaptability, as well as good product quality, permanently, so that customers are willing to contract the Company to produce goods on their behalf. This competitive strength will still be one of the favor factors facilitating the Company's business growth in the future.

(4) Corporate culture upholding harmonious co-existence

The apparel industry refers to a labor-intensive industry, and is used to hiring more employees than the general enterprises. Therefore, the harmony in the management team and group cohesion among the employees appear to be more important than that in the other enterprises. The Company has run its business diligently and practically for so many years, and believed in friendliness conducive to business success. It adopts the management philosophy emphasizing teamwork efforts and business sustainability. The management team members are each other's partners working with each other for many years, holding the consistent consensus and strong team-building for the corporate long-term development. Meanwhile, the Company values internal communication and exchange of opinions and, therefore, can finally create its existing corporate culture upholding harmonious co-existence successfully. The adoption of such professional ethical code enables all of the Company's staff to fight for the Company's growth consistently, and may serve as a strong backup for the internal reform or external expansion conducted by them in the future to practice the Company's development philosophy and provide the company with more favorable strengths than the others in the same trade.

In conclusion, with the efforts spent by the Company in the past years, the Company has accumulated multiple tangible assets and intangible assets inside and outside the Company, which may serve as the niches for the Company's competition with the others in the same trade, helping the Company continue growing in the apparel industry of Taiwan.

5. Positive and negative factors for future development, and response to the factors

(1) Positive factors:

- A. The Company has accumulated plentiful experience for several decades and adopted the resilient resource allocation and constructed the sound vertical and horizontal integrated network.
- B. All of the customers which have worked with the Company permanently are the leading brand owners with strong influence over the market and also well received by consumers. For the forward-looking marketability, the Company will solicit customers engaged in the masstige apparel business to expand the Company's economy of scale. The Company's close trust relationship with customers make the customers willing to place fine-quality orders. In return, the Company also provides fine-quality products. The brand owners and manufacturer complement with each other to achieve the synergistic effect.
- C. Each plant implements the IE standard working-hour operating procedure comprehensively, and successively imports the production system to improve the production efficiency, cut costs and maximize the benefits resulting from expanded production capacity, with the professional technology.
- D. The Head Office, together with various production bases, have implemented the quality control boosting plan comprehensively and raised the proportion of self-inspection and solicited professional main materials suppliers for cooperation with the Company to better the quality and enable customers to place orders without worry.
- E. The production bases establish their own characteristics and competitiveness in response to the international job-division trend and strengthen the characteristics and apparel types they are good at to exert the specialization model to the extreme, increase efficiency and quality and satisfy the diversified needs of the Company's customers.
- F. Domestic and overseas production bases construct the complete production network with their contractors to exert the scale of economy for the production sufficiently.
- G. Import and construct the technology sharing and exchange platform to achieve the overall upgrading of technology and create the effect of improvement on an on-going basis in an environment full of common good and healthy competition. Meanwhile, enhance the speed and resilience in duplication of production capacity through modularization of technology.
- H. Institutionalize the production system SOP management, optimize the ERP, import IE digital visualization, and use the big data database as the backbone to carry out the effective cooperation between the system & automated equipment and employees to improve the quality and efficiency.

(2) Response to positive and negative factors:

- A. The uncertainty in the relationship between Mainland China and USA affects the US-based customers' willingness to place orders with the production bases in Mainland China.

Response:

The Company uses the best effort to transform the production bases in the mainland China and seek alternate markets, such as Japan, Canada and EU and develops the domestic sales market in Mainland China pro-actively. Further, the multiple production bases managed by the Company for many years hold different strengths in the production elements and, therefore, are able to adjust the operations of each customer's orders effectively, control the optimal resource allocation from time to time, produce the most cost-effective products and enhance its competitiveness accordingly.

- B. The wages in the production base increasing year by year has resulted in the increase in personnel cost.

Response:

Control the 3P lead-time work arrangement earlier to avoid any inefficiencies caused by the production procedure; control the overtime work efficiently; import and utilize rhythmic U-shaped production lines and smart suspension systems to improve the overall efficiency and in response to the automated equipment improvement process to overcome the pressure from the increasing wages.

- C. To deal with the low-cost competition from the developing countries

Response:

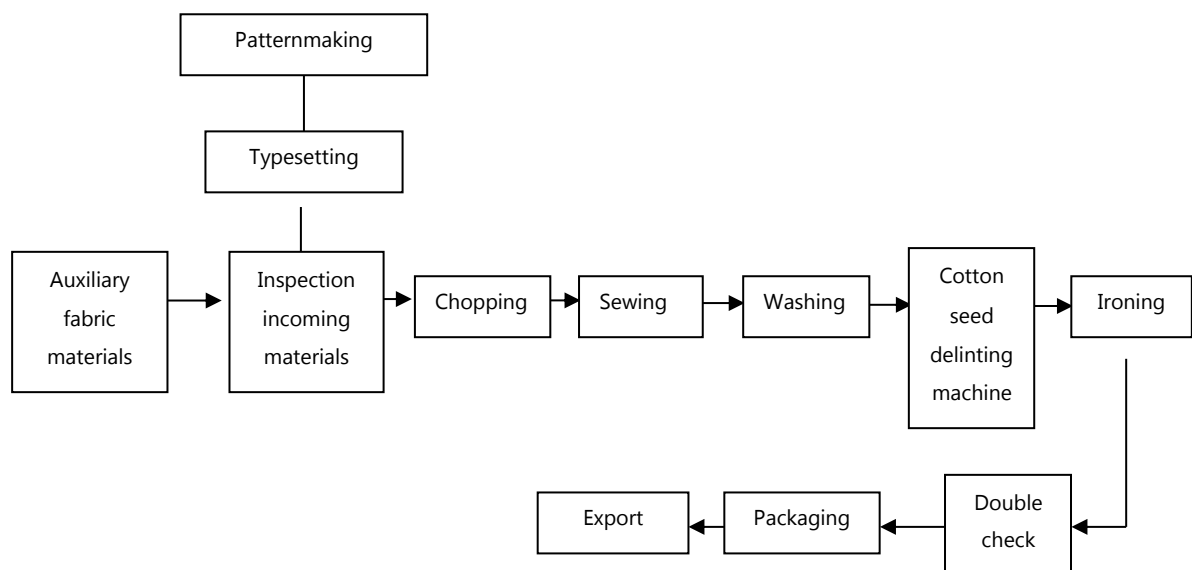
Develop the digitalization of the modularization technology proactively, enhance the technology and process improvement and produce high value-added popular products effectively to satisfy the needs for fair price, good quality, short delivery period and high product complexity, and distinguish the Company itself from the competitive markets in the developing countries effectively.

(II) Usage and manufacturing processes for the Company's main products.

1. Usage of the Company's main products:

Food, clothing, housing, and transportation refer to the basic needs in people's livelihood. The Company has engaged in manufacturing apparel for more than five decades, as one of the current top 10 domestic professional apparel manufacturers. Per the customers' different needs, the Company produces various apparel types to meet the customers' requirements for covering their bodies up and keeping them warm and also for using it as the tool to express themselves with its function to communicate with the society.

2. Manufacturing processes for the Company's main products



(III) Supply situation for the Company's major raw materials

The main raw materials for apparel are categorized into main materials (clothes, lining and core) and auxiliary materials (buttons, zippers, threads and logos, etc.). Considering that the manufacturing of apparel is characterized in the usage of main and auxiliary materials varying depending on different apparel styles, the main and auxiliary materials must be ordered completely subject to the customers' requirements and the design. Therefore, the Company establishes its own Purchasing Dept. responsible for placing orders with domestic/foreign well-renowned suppliers per customers' needs. The sources of materials include renowned suppliers from various countries, such as WINNITEX, BLACK PEONY,

MIZUDA, MSJC, NIEN HSING TEXTILES, NEW WIDE, YKK and AVERY DENNISON, etc. The Company has maintained fair cooperative relationship with the suppliers permanently and, therefore, the sources of materials are considered stable.

(IV) List of major customers of purchase and sales in the past two years.

1. Major suppliers in the past two years (the sales which account for more than 10% of the total sales in the past two years): None.

2. Major trade debtors in the past two years (the sales which account for more than 10% of the total sales in the past two years):

Unit: NT\$ Thousand; %

Item	2022				2023			
	Name	Amount	Percentage in the annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage in the annual net sales (%)	Relationship with the issuer
1	Customer B	\$ 2,151,803	28.6	Non-related party	Customer B	\$ 1,973,321	30.32	Non-related party
2	Customer D	1,203,496	16.0	Non-related party	Customer D	1,138,789	17.50	Non-related party
3	Customer G	814,230	10.8	Non-related party	Customer G	689,527	10.59	Non-related party
4	Customer E	787,503	10.5	Non-related party	Customer E	449,231	6.90	Non-related party
5	Others	2,572,813	34.1	Non-related party	Others	2,257,432	34.69	Non-related party
	Net sales	\$ 7,529,845	100.00		Net sales	\$ 6,508,300	100.00	

Reasons for changes: primarily as a result of the sales varying depending on the customers' brands.

Note 1: Please identify the names of customers sharing 10% or more of the total sales in the past two years and their sales amount and proportion, provided that they may identified by certain ID code, if the contract provides that no customer's name shall be disclosed or if the trading counterpart is an individual and non-related party.

(V) Production quantity/value in the past two years

Unit Value: Thousand pcs; NT\$ Thousand

Main product (or by Department)/Item	Year	Year 2022			Year 2023		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Garment	Production	25,973	28,359	5,956,566	24,674	19,290	5,315,935
Brand		(Note)	-	-	(Note)	-	-
Total		25,973	28,359	5,956,566	24,674	19,290	5,315,935

(Note) The annual quantity includes that for outsourcing and purchase from external sources.

(VI) Sale quantity/value in the past two years

Unit Value: Thousand pcs; NT\$ Thousand

Main product (or by Department)/Item	Year	Year 2022				Year 2023			
		Domestic Sales		EXPORT		Domestic Sales		EXPORT	
		Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
Garment Production		220	54,915	23,898	7,469,742	164	43,859	19,097	6,460,807
Brand		-	-	-	-	-	-	-	-
Raw Materials		-	155	-	5,033	-	452	-	3,182
Total		220	55,070	23,898	7,474,775	164	44,311	19,097	6,463,989

III. Number of employees, average year of service, average age and education distribution in the last two years and the current year as of the publication date of the annual report.

Year		2022	2023	The current year up to March 31, 2024
Number of employees	Management staff	872	632	609
	General staff	1,345	1,320	1,248
	Technical staff	4,202	3,988	3,554
	Operators	7,130	6,768	6,029
	Total	13,549	12,712	11,440
Average age		35.22	35.38	35.33
Average years of service		5.18	5.39	5.29
Education distribution	Doctoral degree	0.00%	0.00	0.00%
	Master's degree	0.91%	1.18%	1.19%
	University and college	15.73%	15.63%	15.33%
	Below senior high school	83.36%	83.19%	83.48%

IV. Information on environmental protection expenditures

For the most recent year and for the current year up to the date of publication of the annual report, the amount of loss due to environmental pollution (including compensation and environmental protection audit results of violations of environmental protection laws and regulations, the penalty date, the penalty number, the provisions of the regulation violated, the content of the regulation violated, and the penalty content should be stated) and the estimated amount of current and potential future losses (including the estimated amount of losses, penalties and compensation that may occur if no countermeasures are taken, and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated) and countermeasures (including improvement measures) should be disclosed.

Since 1997, the Company has been paying attention to the compliance of treated wastewater with the standards, and the discharge has now met the new discharge standards. In the future, the Company will focus on the maintenance of pollution prevention equipment and regular inspection, and timely prevention and improvement of environmental pollution-related problems to fulfill its corporate responsibility. The potential expenditures for the above countermeasures are mainly

for regular inspection and equipment maintenance, which will not result in significant capital expenditure. Therefore, as of the date of publication of the annual report, there has been no loss (including compensation) due to environmental pollution.

V. Labor relations

(I) Employee welfare measures:

The company takes "Truth, Goodness, and Beauty" as its management philosophy, treating people with truth and respecting human character; doing things with goodness and promoting total quality control; and establishing a world brand with products of beauty. In order to provide better services to our employees and to achieve work-life balance and protection, so that they are happy to work and integrate into the team, the Company specially provides or sponsors relevant welfare programs, and the employee welfare committee is established by the Company's employees to be responsible for the planning and implementation of employee welfare, and the current welfare measures are as follows:

1. The Company establishes the Employee Benefit Committee according to the Employee Welfare Fund Act, in order to promote the sound employee benefit committee system and provide the subsidies for three major festivals, birthday, childbirth, weddings, funerals, celebration ceremony, and regular employee tours.
2. The Company will enroll new employees to the labor insurance and national health insurance programs. The benefits for childbirth, injury & sickness, disability, old-age and death are handled and claimed by the Company in accordance with the Labor Insurance Act and Enforcement Rules of Labor Insurance Act promulgated by the government.
3. The Company's employees apply for group insurance subject to their rank ranks or positions. The insurance covers term life insurance and accidental insurance, and medical insurance in the case of overseas colleagues.
4. The Company's employees who taking business travel may apply for overseas travel insurance.
5. The Company publishes Tainan Enterprise journals periodically and internal e-news, and sets up the employee opinion mailbox to verify the employees' needs and improve the employees' communication platform.
6. Senior employees will be awarded a service commemorative medal per five years after their seniority attains one decade or more.
7. Provide employees with the preferential treatment for purchase of the apparel.
8. Organize the spring party and lottery each year to reward employees for the efforts spent by them in work.
9. Value employees' health and arrange the annual health checkup for employees without charge.

(II) Employee continued education and training:

In response to the rapidly transformation of industrial technology, the Company improves the employee's key competence development to achieve the Company's strategic goals and employees' cultivation and training as the Company's HR focus. The Company's training and development policy is based on the principle upholding "TTQS as the benchmark and business strategy as the guide; cultivate multinational and diversified talents and construct a complete training system." Meanwhile, the Company establishes various talent training regulations and related enforcement rules as the bases to be followed, hoping to improve the employees' expertise and provide them with the stage to do what they are good at, improve the enterprise's competitiveness externally and create the overall profit. The Company's cultivation and training system:

1. Cultivation by job rank:

- (1) Cultivation of senior management: Cultivate the senior management's strategic management, partnership and sustainability functions.
- (2) Cultivation of middle management: Cultivate the middle management's functions in leadership, motivation,

accountability, cross-departmental collaboration and formation of high efficient teams.

- (3) Cultivation of reserve cadre: Cultivate the group supervisors' functions in teaching ability, management ability, ability to solve problems and team unity.

2. Key functional cultivation:

- (1) Special business training: Sales representatives' professional training, including cultivation of the functions in textile industry expertise and business skills.
- (2) Production management cultivation at factory premises: Each overseas factory's facility training, including the cultivation of the functions in ESG, production process and quality.

3. Cultivation of reserve cadre

- (1) GMA cultivation: A two-year cross-departmental rotation cultivation program to develop personal IDP and cultivate them to become the factory management reserve cadre.
- (2) SMA cultivation: A two-year cross-departmental rotation cultivation program to develop personal IDP and cultivate them to become the business management reserve cadre.

4. Cultivation of newcomers: In line with the Company's recruitment priority, the Company arranges newcomer training courses to improve the newcomers' entire understanding of the Company and products, and improve their recognition and sense of belonging to the Company. The courses include:

- (1) Information course - Introduction to DNA ERP
- (2) Financial procedure
- (3) Introduction to byproduct
- (4) Washing courses
- (5) Customs clearance procedure
- (6) Overall planning course
- (7) Basic introduction to textile products (woven and knitted)
- (8) Main materials quality inspection
- (9) Sewing machine

(III) Retirement system and implementation.

In accordance with the "Labor Standards Act" of the R.O.C., the Company has established a defined benefit retirement plan that applies to the years of service of all regular employees prior to the implementation of the "Labor Pension Act" of the R.O.C. on July 1, 2005, and to the years of service of employees who choose to continue to be subject to the Labor Standards Act after the implementation of the "Labor Pension Act". For employees who meet the retirement criteria, pension payments are based on the years of service and the average salary for the six months prior to retirement, with two bases for each year of service up to 15 years (inclusive) and one base for each year of service in excess of 15 years, subject to a maximum accumulation of 45 bases. The Company appropriates 7.5% of the total monthly salary for the pension fund, which is deposited in the name of the Supervisory Committee of Labor Retirement Reserve to a dedicated account at the Bank of Taiwan. Before the end of each year, the Company estimates the balance of the aforementioned pension fund in the dedicated account. If the balance is not sufficient to pay the amount of pension benefits to eligible employees in the following year, the Company will make a lump-sum catch-up appropriation for the difference by the end of March of the following year.

Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution retirement plan in accordance with the "Labor Pension Act" of the R.O.C., which is applicable to employees of the R.O.C. nationality. The Company and its domestic subsidiaries make monthly contributions of 6% of salaries to employees' personal

accounts at the Bureau of Labor Insurance for employees who choose to be subject to the labor pension scheme under the Labor Pension Act of the R.O.C. Employees' pensions are paid in the form of monthly pensions or lump-sum pensions, depending on the amount of the employees' individual pension accounts and accumulated earnings. The Group's overseas subsidiaries make monthly provisions of 7% to 16% of local employees' salaries to the pension reserve and endowment insurance system on a voluntary basis in accordance with local government regulations. Each employee's pension is administered and arranged by the government.

- (IV) For the most recent year and for the current year up to the date of publication of the annual report, the amount of loss due to labor disputes (including labor inspection results of violations of the labor pension act, the penalty date, the penalty number, the provisions of the regulation violated, the content of the regulation violated, and the penalty content should be stated) and the estimated amount of current and potential future losses and countermeasures should be disclosed.

The Company has always regarded its employees as its most valuable assets and attaches great importance to their future development. As a result, labor relations have remained harmonious and the Company holds regular labor-management negotiation meetings. Overall, the Company has not incurred any losses resulting from labor disputes.

VI. Information Disclosure of Cyber Security Management:

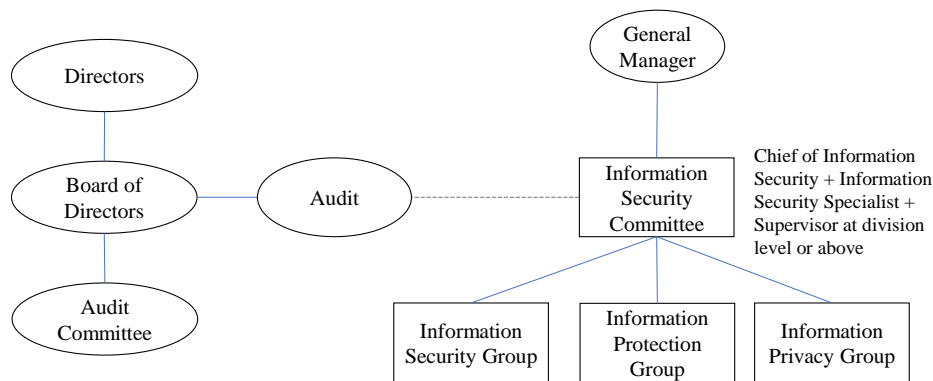
- (I) Information on the strategy and framework of cyber security management:

The company takes "Truth, Goodness, and Beauty" as its management philosophy, treating people with truth and respecting human character; doing things with goodness and promoting total quality control; and establishing a world brand with products of beauty. In order to provide better services to our employees and to achieve work-life balance and protection, so that they are happy to work and integrate into the team, the Company specially provides or sponsors relevant welfare programs, and the employee welfare committee is established by the Company's employees to be responsible for the planning and implementation of employee welfare, and the current welfare measures are as follows:

1. Corporate Information Security Governance Organization

In 2022, Tainan Enterprises established the "Information Security Committee" to coordinate information security and protection related policy formulation, implementation, risk management and audit on the compliance. The top leader of the enterprise information security organization reports to the Audit Committee every six months on the effectiveness of information security management and information security-related issues and directions. Tainan Enterprises' Audit Committee is responsible for overseeing the governance of corporate information security, and committee members with backgrounds in information security will oversee the evaluation of Tainan Enterprises' corporate information and network security management mechanism and direction.

In order to implement the information security strategy set by the corporate information security organization, and to ensure internal compliance with the information security-related standards, procedures and regulations, Tainan Enterprises has established the "Tainan Enterprises Exclusive Information Protection Committee," which will be chaired by the Senior Manager of Information Technology and Material and Risk Management, with the Chief Finance Officer, Assistant Manager of Human Resources, Senior Manager of Research and Development and Senior Manager of Operations as committee members, and with the top leader of corporate information security organization as executive secretary and the top leader of internal audit as observer. The committee holds quarterly meetings to review and decide on information security and information protection policies, and to implement the effectiveness of information security management measures.



2. Cyber Security Policy

(1) Strategy and framework of corporate information security management:

In order to effectively implement information security management, the Audit Division holds monthly meetings through the "Information Protection Promotion Team" that covers all units in the Taiwan plant and overseas subsidiaries to review the applicability of information security policies and protection measures based on the management cycle of Plan-Do-Check-Act (PDCA), and reports regularly to the Exclusive Information Protection Committee on the effectiveness of implementation.

In the "Plan stage", we focus on information security risk management, establish a complete Information Security Management System (ISMS), and promote each plant to continuously pass international information security management system certification (ISO/IEC 27001, ISO/IEC 15408) to reduce corporate information security threats from the system, technical, and procedural aspects to establish the highest standard of confidential information protection services that meet customer needs. In the "Do phase", we will build multi-layer information security protection, continue to introduce innovative technologies for information security defense, and integrate information security control mechanisms into the daily operating processes of software and hardware maintenance and supplier information security management to systematically monitor information security and maintain the confidentiality, integrity, and availability of important assets of Tainan enterprises. In the "Check stage", we actively monitor the effectiveness of information security management, measure and quantify information security indicators based on audit results, and evaluate the maturity of information security through regular simulation of information security attacks. In the "Act stage", we implement supervision and audit based on review and continuous improvement to ensure the continued effectiveness of information security regulations; when employees violate relevant regulations and procedures, they will be dealt with in accordance with the information security violation handling process, and they will be penalized depending on the violation (including the employee's performance appraisal for the current year or taking necessary legal actions). In addition, based on the performance indicators and maturity evaluation results, we also regularly review and implement improvement actions including information security measures, education, training and promotion to ensure that important confidential information of Tainan enterprises is not leaked.

(2) Enterprise information security risk management and continuous improvement framework:

A. Plan:

- a. Enterprise Information Security Risk Assessment
- b. Information Security Risk Management and Countermeasure Formulation
- c. Compliance with international standards (ISO/IEC 27001, ISO/IEC 15408, S)CF, NIST, SAFE)
- d. Customer information security protection mechanism

B. Do

- a. Personnel and Physical Security
- b. Cloud Security
- c. Account and Privilege Management
- d. Information Security Monitoring and Maintenance
- e. Data Security Protection Technology Enhancement
- f. Network Security
- g. Device Security
- h. Application Security
- i. Supply Chain Information Security
- j. Data Security

C. Check

- a. Information Security Continuous Monitoring
- b. Quantitative Evaluation of Information Security Indicators
- c. Information Security Attack Pattern Exercise
- d. Confidential Information Protection Compliance Check
- e. Information Security Maturity Assessment
- f. Passing International Audit Certification for Information Security

D. Act

- a. Information Security Measures Review and Improvement
- b. Mastery of Information Security Threat Level Technology
- c. Information Security Breach Level Disposal
- d. Information Protection Questionnaire Survey
- e. Information Security Training and Promotion

(3) Specific Management Plan

A. Multi-Level Information Security Protection

- a. Network Security
 - i. Use advanced firewalls to provide protection against malware, exploitation of vulnerability, and malicious websites defend against and detect known and unknown attacks
 - ii. Cloud gateway protection, where mail is scanned by TMES before it reaches the corporate internal mail server
- b. Device Security
 - i. Endpoint protection provide protection against malware, exploitation of vulnerability, and malicious websites
 - ii. Anti-Virus outsourced expert hosting services - Health checkup record form
- c. Application Security
 - i. Continuously replace/update/upgrade old equipment and obsolete applications/software
 - ii. Continuously strengthen the application security control mechanism and integrate the development process and platform

- d. Supply Chain Information Security
 - i. Externally, open only necessary connection PORT and fixed IP access in firewall control
 - ii. Regularly communicate the latest information security regulations and precautions of the Company
- e. Data Security Protection Technology Enhancement
 - i. Implement advanced information protection tools to enhance confidential document classification and data protection through data tagging
 - ii. Encryption control and effective tracking of documents and data
- B. Review and Continuous Improvement: Education, Training and Promotion
 - a. Information Security Promotion and Enhancement of Employee Information Security Concept
 - b. Regular external training and certification for information security specialists to enhance information security concepts and skills
- C. Effectiveness monitoring: Execute information security maturity assessment and appoint external experts to execute company network security assessment regularly.

(II) Major information security incidents

According to Item 2, Sub-paragraph 6, Article 18 of the Regulations Governing Information to be Published in Annual Reports of Public Companies of Financial Supervisory Commission: List any losses suffered by the Company in the most recent year and up to the date of publication of the annual report due to significant cyber security incidents, and potential effects to be caused and responsive measures to be taken. If the amount cannot be reasonably estimated, describe why:

No major cyber security incident has occurred so far this year.

(III) Information security risks and countermeasures:

Tainan enterprises continues to invest resources in information security every year, including strengthening information security defense equipment, improving information security management system and education and training, etc., from management to technical aspects of the overall implementation to improve information security capabilities. For the prevention of incidents, in addition to the annual information-level corporate continuous operation drills in the Taipei and Tainan redundant server rooms, daily and weekly off-site backup, storage and testing of important system data, as well as the annual outsourced vulnerability scanning, are included in the information security routine operations.

In terms of raising information security awareness, we conduct quarterly training and education for employees on information security incidents that occur outside the Company, and conduct random sampling of employees. In addition, we regularly arrange for system management personnel in the Information System to receive training and certification in information security-related courses.

Improvements continued in 2023:

1. Establish NDR, MDR and SIEM
2. Continue to update the UTM authority for firewalls
3. Improve internal employees' education, training and promotion
4. Social engineering drills
5. Update the security bugs in operating systems and APPs
6. Replace old operating systems and APPs
7. Information security specialist external training and certificate/license

VII. Important contracts

List the parties to the purchases and sales contracts, technical cooperation contracts, construction contracts, long-term loan contracts and other contracts of material importance to shareholders' equity that were in effect as of the publication date of the annual report and that expired in the most recent year, the parties to the contract, their principal contents, restrictive clauses and dates of commencement and expiration of the contracts: **None.**

Six. Overview of Financial Status

I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

(I.I) Consolidated Brief Balance Sheets - IFRSs

Unit: NT\$ Thousand

Year Items		Financial information for the latest 5 years				
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Current assets		3,130,380	2,926,757	3,282,834	3,264,890	3,348,302
Property, plant and equipment		1,176,287	1,098,836	1,040,175	1,053,270	1,000,279
Intangible assets		20,968	20,364	15,893	13,054	10,033
Other assets		1,503,205	992,917	874,342	845,676	1,075,747
Total assets		5,830,840	5,038,874	5,213,244	5,176,890	5,434,361
Current liabilities	Before distribution	1,787,406	1,517,467	1,947,770	1,442,293	1,537,325
	After distribution	1,860,483	1,546,698	1,962,385	1,588,447	Not yet been approved by a shareholders' meeting
Non-current liabilities		227,041	241,408	211,720	196,527	198,167
Total liabilities	Before distribution	2,014,447	1,758,875	2,159,490	1,638,820	1,735,492
	After distribution	2,087,524	1,788,106	2,174,105	1,784,974	Not yet been approved by a shareholders' meeting
Equity attributable to owners of the parent		3,820,094	3,279,999	3,053,754	3,538,070	3,698,869
Capital stock		1,471,535	1,471,535	1,471,535	1,471,535	1,461,535
Capital surplus	Before distribution	880,971	874,643	845,412	830,797	824,531
	After distribution	880,971	845,412	830,797	830,797	Not yet been approved by a shareholders' meeting
Retained Earing	Before distribution	1,553,531	1,119,289	971,561	1,283,342	1,441,544
	After distribution	1,480,454	1,119,289	971,561	1,137,188	Not yet been approved by a shareholders' meeting
Other equity		(63,280)	(162,805)	(212,091)	(24,941)	(28,741)
Treasury stock		(22,663)	(22,663)	(22,663)	(22,663)	
Non-controlling equity		(3,701)	-	-	-	
Total Equity	Before distribution	3,816,393	3,279,999	3,053,754	3,538,070	3,698,869
	After distribution	3,743,316	3,250,768	3,039,139	3,391,916	Not yet been approved by a shareholders' meeting

Note 1: The financial information for each year has been audited and certified by the CPAs.

(I.II) Parent Company Only Brief Balance Sheets - IFRSs

Unit: NT\$ Thousand

Year Item		Financial information for the latest 5 years (Note 1)				
		2019(Note1)	2020(Note1)	2021(Note1)	2022 (Note 1)	2023 (Note 1)
Current assets		2,214,802	2,013,306	2,296,973	2,088,964	2,045,103
Property, plant and equipment		392,239	390,816	385,909	377,210	380,520
Intangible assets		18,317	19,761	15,731	13,017	10,033
Other assets		2,817,185	2,385,289	2,104,959	2,432,193	2,761,643
Total assets		5,442,543	4,809,172	4,803,572	4,911,384	5,197,299
Current liabilities	Before distribution	1,549,438	1,472,891	1,700,672	1,333,241	1,458,488
	After distribution	1,622,515	1,502,122	1,715,287	1,479,395	Not yet been approved by a shareholders' meeting
Non-current liabilities		73,011	56,282	49,146	40,073	39,942
Total liabilities	Before distribution	1,622,449	1,529,173	1,749,818	1,373,314	1,498,430
	After distribution	1,695,526	1,558,404	1,764,433	1,519,468	Not yet been approved by a shareholders' meeting
Equity attributable to owners of parent		3,820,094	3,279,999	3,053,754	3,538,070	3,698,869
Capital stock		1,471,535	1,471,535	1,471,535	1,471,535	1,461,535
Capital surplus	Before distribution	880,971	874,643	845,412	830,797	824,531
	After distribution	880,971	845,412	830,797	830,797	Not yet been approved by a shareholders' meeting
Retained earnings	Before distribution	1,553,531	1,119,289	971,561	1,283,342	1,441,544
	After distribution	1,480,454	1,119,289	971,561	1,137,188	Not yet been approved by a shareholders' meeting
Other equity		(63,280)	(162,805)	(212,091)	(24,941)	(28,741)
Treasury stock		(22,663)	(22,663)	(22,663)	(22,663)	-
Non-controlling equity		-	-	-	-	-
Total equity	Before distribution	3,820,094	3,279,999	3,053,754	3,538,070	3,698,869
	After distribution	3,747,017	3,250,768	3,039,139	3,391,916	Not yet been approved by a shareholders' meeting

Note 1: Said financial information has been audited and certified by the CPAs.

(II.I) Consolidated Brief Statements of Comprehensive Income - IFRSs

Unit: NT\$ Thousand

Year Item	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Operating revenue	7,660,848	5,970,540	5,761,476	7,529,845	6,508,300
Gross operating profit	1,065,892	670,952	776,208	1,219,265	1,162,899
Operating income	74,490	(327,993)	(156,630)	235,726	286,357
Non-operating revenue and expenses	(7,916)	(52,752)	29,972	111,574	73,861
Net profit (loss) before tax	66,574	(380,745)	(126,658)	347,300	360,218
Continuing operations Current net profit	80,788	(355,198)	(135,104)	301,032	311,469
Loss from discontinued operations	-	-	-	-	-
Current net profit (loss)	80,788	(355,198)	(135,104)	301,032	311,469
Current other comprehensive income (net after tax)	(61,791)	(102,131)	(61,910)	197,899	(4,516)
Current total comprehensive income	18,997	(457,329)	(197,014)	498,931	306,953
Net profit attributable to owners of the parent	80,481	(358,606)	(135,104)	301,032	311,469
Net profit attributable to non-controlling equity	307	3,408	-	-	-
Total comprehensive income attributable to owners of the parent	18,859	(460,690)	(197,014)	498,931	306,953
Total comprehensive income attributable to non-controlling equity	138	3,361	-	-	-
EPS	0.55	(2.45)	(0.92)	2.06	2.13

Note 1: The financial information for each year mentioned above has been audited and certified by the CPAs.

(II.II) Parent Company Only Brief Statements of Income - IFRSs

Unit: NT\$ Thousand

Year Item	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Operating revenue	7,644,511	5,907,901	5,599,470	7,321,873	6,285,222
Gross operating profit	548,477	393,429	499,110	516,873	454,269
Operating income	73,836	(163,358)	31,097	33,959	8,785
Non-operating revenue and expenses	(19,755)	(221,763)	(169,378)	277,845	326,816
Net profit (loss) before tax	54,081	(385,121)	(138,281)	311,804	335,601
Continuing operations Current net profit	80,481	(358,606)	(135,104)	301,032	311,469
Loss from discontinued operations	-	-	-	-	-
Current net profit (loss)	80,481	(358,606)	(135,104)	301,032	311,469
Current other comprehensive income (net after tax)	(61,622)	(102,084)	(61,910)	197,899	(4,516)
Current total comprehensive income	18,859	(460,690)	(197,014)	498,931	306,953
Net profit attributable to owners of the parent	80,481	(358,606)	(135,104)	301,032	311,469
Net profit attributable to non-controlling equity	-	-	-	-	-
Total comprehensive income attributable to owners of the parent	18,859	(460,690)	(197,014)	498,931	306,953
Total comprehensive income attributable to non-controlling equity	-	-	-	-	-
EPS	0.55	(2.45)	(0.92)	2.06	2.13

Note 1: The financial information for each year has been audited and certified by the CPAs.

(III) Names and audit opinions of the external auditors for the latest five years

Year	Name of the external auditor	Audit opinions
2019	Liu Tze-Meng/Lin Tze-Shu	Unqualified opinion
2020	Tien Chung-Yu/Lin Tze-Shu	Unqualified opinion
2021	Tien Chung-Yu/Lin Tze-Shu	Unqualified opinion
2022	Lin Tze-Shu / Tien Chung-Yu	Unqualified opinion
2023	Tien Chung-Yu /Hsu Hui-Yu	Unqualified opinion

Note: The Company's financial statements present fairly, in all material aspects, the consolidated financial positions of Tainan Enterprise Co., Ltd. as of December 31, 2023 and 2022, and the consolidated financial performance and cash flow for the periods from January 1 to December 31, 2023 and 2022, in conformity with the "Regulations Governing the Preparation of Financial Report by Securities Issuers," as well as the International Financial Reporting Standards (hereinafter referred to as IFRSs), International Accounting Standards (hereinafter referred to as IAS), IFRIC Interpretations and SIC Interpretations endorsed by the R.O.C. Financial Supervisory Commission (hereinafter referred to as "FSC").

II. Financial analyses for the past 5 fiscal years

(II.I) Consolidated Financial Analysis - IFRSs

<div> <div></div> <div>Year (Note 1)</div> <div>Financial analysis for the latest 5 years</div> </div>						
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Analysis Items (Note 3)						
Financial structure %	Liability to asset ratio	34.54	34.90	41.42	31.65	31.93
	Long-term fund to property, plant and equipment	343.74	320.46	313.93	354.57	389.59
Solvency %	Current ratio	175.13	192.87	168.54	226.36	217.80
	Quick ratio	106.34	133.60	99.51	146.34	134.32
	Interest coverage ratio	2.47	(14.08)	(9.33)	18.00	22.62
Operating ability	Receivables turnover (counts)	6.09	5.16	5.00	6.43	5.45
	Average cash collection days	59.93	70.73	73.00	56.76	66.97
	Inventory turnover (counts)	6.68	5.82	4.99	5.51	4.69
	Payables turnover (counts)	20.59	16.65	14.34	21.55	16.55
	Average days for sale of goods	54.64	62.71	73.14	66.24	77.82
	Property, plant and equipment turnover (counts)	6.52	5.24	5.38	7.19	6.33
	Total assets turnover (counts)	1.28	1.09	1.12	1.44	1.22
Profitability	ROA (%)	1.91	(6.24)	(2.44)	6.11	6.11
	ROE (%)	2.09	(10.10)	(4.26)	9.13	8.60
	Income before tax to paid-in capital ratio (%)	4.52	(25.87)	(8.60)	23.60	24.64
	Net profit margin (%)	1.05	(6.00)	(2.34)	3.99	4.78
	EPS (NT\$)	0.55	(2.45)	(0.92)	2.06	2.13
Cash flow	Cash flow ratio (%)	21.55	11.13	(26.32)	40.71	34.13
	Cash flow adequacy ratio (%)	129.20	134.67	41.41	48.07	84.23
	Cash reinvestment ratio (%)	6.40	2.21	Note 2	12.42	7.67
Leverage	Operating leverage	19.94	(2.92)	(6.30)	6.75	5.24
	Financial leverage	2.31	0.93	0.92	1.09	1.06

	<p>Please specify the reasons for changes in each financial ratio during the most recent two year, if any. (Not required, in the case of changes by less than 20%.)</p> <ol style="list-style-type: none"> 1. Increase in interest coverage ratio: This was due to an increase in net income before income tax and interest expenses. 2. Decrease in accounts payable turnover rate (times): Increase in the average payable balance of each period. 3. Increase in cash flow adequacy ratio: Mainly due to the increase in net cash flow from operating activities in the last five years. 4. Decrease in cash reinvestment ratio: Decrease in net cash flow from operating activities 5. Decrease in operating leverage: Due to the increase in 2022 net operating revenue.
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Note 1: The financial information for each year mentioned above has been audited and certified by the CPAs.

Note 2: The balance of the net cash flow from the operating activities minus cash dividends is negative, so no calculation is made.

Note 3: The end of this statement in the annual report shall list the following formula:

1. Financial structure
 - (1) Liabilities to assets ratio=total liabilities/total assets.
 - (2) Long-term capital to fixed assets ratio, plant to equipment ratio= (total equity +non-current liabilities) /net value of real estate, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets /current liabilities.
 - (2) Quick ratio = (Current assets-inventory-prepaid expenses)/current liabilities. (including inventory and construction work in progress).
 - (3) Interest protection multiples = net profit before income tax and interest expense / interest expense in the current period
3. Operation capability
 - (1) Receivable (including accounts receivable and bills receivable arising from business operation) turnover rate=Net sales of goods/Average receivables for different periods (including balance of accounts receivable and bills receivable arising from business operation).
 - (2) Average number of days of cash receipt=365/Receivables turnover rate.
 - (3) Inventory turnover rate=goods sale costs/average inventory (including inventory and construction work in progress).
 - (4) Payable (including accounts payable and notes payable due to business) turnover rate = cost of sales / average balance payable on each period (including accounts payable and notes payable due to business)
 - (5) Days sales outstanding = 365 / inventory turnover rate
 - (6) Property, plant and equipment turnover rate = net sales/net average property, plant and equipment value
 - (7) Total asset turnover rate = net sales / average total assets
4. Profitability
 - (1) Return on assets = [after tax profit and loss + interest expense × (1 - tax rate)] / average total assets
 - (2) Return on equity = after tax profit and loss / average equity
 - (3) Net profit margin = after tax profit and loss / net sales
 - (4) Earnings per share = (profit or loss attributable to parent company owner - special dividend) / weighted average number of issued shares (Note 6)
5. Cash flows
 - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
 - (2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividends) in the last five years
 - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long term investment + other non-current assets + working capital) (Note 7)
6. Leverage
 - (1) Operating leverage = (net operating income - changing operating costs and expenses) / operating profit (Note 8).
 - (2) Financial leverage = operating profit / (operating profit - interest expense)

Note 4: When measuring the aforesaid formula of earnings per share, the following shall be noted:

1. The basis shall be the weighted average of common shares, but not the issued shares at the year end.
2. For any capital increase in cash or treasury share transaction, the outstanding period shall be considered when calculating the weighted average shares
3. Any earnings or capital surplus to capital increase, the retrospective adjustment shall be applied when calculating the earnings per share of the

previous years or for six months, the issuance period of such capital increase needs not be considered.

4. If the preference shares are non-convertible accumulated preference shares, the dividends of the given year (whether distributed or not) shall be deducted from the net profit after tax, or added to the net loss after tax. If the preference shares are not accumulated, when there is net profit after tax, the dividends of the preferred shares shall be deducted from the net profit after tax, but no adjustment is needed for losses.

Note 5: Attention shall be paid to the following when measuring the cash flow analysis:

1. The net cash flow from operating activities refers to the net cash flow from operating activities in the Cash Flow Statement.
2. Capital expenditure refers to the cash outflow of the capital investment every year.
3. The addition of inventory is only calculated when the balance at the end of term greater than the balance at the beginning of the term. If the inventory decreased at the end of the year, it is counted as zero
4. Cash dividends include the cash dividends for common shares and preference shares.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before accumulated depreciation.

Note 6: Issuers shall categorize each operating cost and operating expense based on the nature as fixed or variable. If estimation or subjective judgement is involved, the reasonability and consistency shall be paid attention to.

Note 7: In case the shares have no face value or the face value is not NT\$10, the abovementioned percentage in the paid-up capital shall be replaced by the equity attributable to the owners of the parent company in the balance sheet.

(II.I) Parent Company Only Financial Analysis - IFRSs

<div>Year (Note 1)</div> <div>Analysis Items (Note 4)</div>		Financial analysis for the latest 5 years				
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Financial structure %	Liability to asset ratio	29.81	31.79	36.42	27.96	28.83
	Long-term fund to property, plant and equipment	992.53	853.67	804.04	948.58	982.55
Solvency %	Current ratio	142.94	136.69	135.06	156.68	140.22
	Quick ratio	106.92	105.70	84.11	108.42	90.99
	Interest coverage ratio	2.57	(21.21)	(22.06)	24.02	32.50
Operating ability	Receivables turnover (counts)	6.26	5.20	5.05	6.46	5.40
	Average cash collection days	58.30	70.19	72.27	56.50	67.59
	Inventory turnover (counts)	14.83	11.23	8.59	9.99	8.85
	Payables turnover (counts)	18.21	13.54	13.05	19.42	14.46
	Average days for sale of goods	24.61	32.50	42.49	36.53	41.24
	Property, plant and equipment turnover (counts)	19.39	15.08	14.41	19.18	16.58
	Total assets turnover (counts)	1.36	1.15	1.16	1.50	1.24
Profitability	ROA (%)	1.88	(6.74)	(2.70)	6.42	6.32
	ROE (%)	2.09	(10.10)	(4.26)	9.13	8.60
	Income before tax to paid-in	3.67	(26.17)	(9.39)	21.18	22.96
	Net profit margin (%)	1.05	(6.06)	(2.41)	4.11	4.95
	EPS (NT\$)	0.55	(2.45)	(0.92)	2.06	2.13
Cash flow	Cash flow ratio (%)	6.60	8.61	(32.22)	27.63	10.53
	Cash flow adequacy ratio (%)	77.32	94.62	Note 4	Note 4	23.98
	Cash reinvestment ratio (%)	0.75	1.63	Note 3	10.38	0.20
Leverage	Operating leverage	15.21	4.90	27.12	31.00	104.00
	Financial leverage	1.75	1.10	1.24	1.67	(4.99)

Please specify the reasons for changes in each financial ratio during the most recent two year, if any. (Not required, in the case of changes by less than 20%.)

1. Increase in interest coverage ratio: This is due to an increase in net income before income tax and interest expenses in the current period.
2. Increase in net profit margin: Primarily a result of the increase in net income.
3. Decrease in cash flow ratio: Mainly due to the decrease in net cash flow from operating activities.
4. Decrease in cash reinvestment ratio: Mainly due to the decrease in net cash flow from operating activities in the

last five years.

5. Increase in operating leverage: Due to the decrease in net operating income from 2022.
6. Decrease in financial leverage: Due to the decrease in net operating income from 2022.

Note 1: The financial information for each year mentioned above has been audited and certified by the CPAs.

Note 2: The balance of the net cash flow from the operating activities minus cash dividends is negative, so no calculation is made.

Note 3: The balance of the net cash flow from the operating activities in the past five years is negative, so no calculation is made.

Note 4: The end of this statement in the annual report shall list the following formula:

1. Financial structure
 - (1) Liabilities to assets ratio=total liabilities/total assets.
 - (2) Long-term capital to real estate ratio, plant to equipment ratio= (total equity + non-current liabilities)/net value of real estate, plant and equipment.
2. Solvency
 - (1) Current ratio=current assets /current liabilities.
 - (2) Quick ratio -(Current assets-inventory-prepaid expenses)/current liabilities. (including inventory and construction work in progress).
 - (3) Interest protection multiples = net profit before income tax and interest expense / interest expense in the current period
3. Operation capability
 - (1) Receivable (including accounts receivable and bills receivable arising from business operation) turnover rate=Net sales of goods/Average receivables for different periods (including balance of accounts receivable and bills receivable arising from business operation).
 - (2) Average number of days of cash receipt=365/Receivables turnover rate.
 - (3) Inventory turnover rate=goods sale costs/average inventory (including inventory and construction work in progress).
 - (4) Payable (including accounts payable and notes payable due to business) turnover rate = cost of sales / average balance payable on each period (including accounts payable and notes payable due to business)
 - (5) Days sales outstanding = 365 / inventory turnover rate
 - (6) Property, plant and equipment turnover rate = net sales/net average property, plant and equipment value
 - (7) Total asset turnover rate = net sales / average total assets
4. Profitability
 - (1) Return on assets = [after tax profit and loss + interest expense × (1 - tax rate)] / average total assets
 - (2) Return on equity = after tax profit and loss / average equity
 - (3) Net profit margin = after tax profit and loss / net sales
 - (4) Earnings per share = (profit or loss attributable to parent company owner - special dividend) / weighted average number of issued shares (Note 4)
5. Cash flows
 - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
 - (2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividends) in the last five years
 - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long term investment + other non-current assets + working capital) (Note 5)
6. Leverage
 - (1) Operating leverage = (net operating income - changing operating costs and expenses) / operating profit (Note 6).
 - (2) Financial leverage = operating profit / (operating profit - interest expense)

Note 5: When measuring the aforesaid formula of earnings per share, the following shall be noted:

1. The basis shall be the weighted average of common shares, but not the issued shares at the year end.
2. For any capital increase in cash or treasury share transaction, the outstanding period shall be considered when calculating the weighted average shares
3. Any earnings or capital surplus to capital increase, the retrospective adjustment shall be applied when calculating the earnings per share of the previous years or for six months, the issuance period of such capital increase needs not be considered.
4. If the preference shares are non-convertible accumulated preference shares, the dividends of the given year (whether distributed or not) shall be deducted from the net profit after tax, or added to the net loss after tax. If the preference shares are not accumulated, when there is net profit after tax, the dividends of the preferred shares shall be deducted from the net profit after tax, but no adjustment is needed for losses.

Note 6: Attention shall be paid to the following when measuring the cash flow analysis:

1. The net cash flow from operating activities refers to the net cash flow from operating activities in the Cash Flow Statement.
2. Capital expenditure refers to the cash outflow of the capital investment every year.
3. The addition of inventory is only calculated when the balance at the end of term greater than the balance at the beginning of the term. If the inventory decreased at the end of the year, it is counted as zero
4. Cash dividends include the cash dividends for common shares and preference shares.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before accumulated depreciation.

Note 7: Issuers shall categorize each operating cost and operating expense based on the nature as fixed or variable. If estimation or subjective judgement is involved, the reasonability and consistency shall be paid attention to.

Note 8: In case the shares have no face value or the face value is not NT\$10, the abovementioned percentage in the paid-up capital shall be replaced by the equity attributable to the owners of the parent company in the balance sheet.

III. Audit Committee's Audit Report on the Most Recent Financial Statements

Audit Committee's Audit Report

The Board of Directors prepared the Company's 2023 annual business report, parent company only and consolidated financial statements and earnings appropriation proposal. Among them, the parent company only and consolidated financial statements have been checked by PwC Taiwan and an audit report with unqualified opinion has been issued. Said business report, parent company only and consolidated financial statements and earnings appropriation proposal have been reviewed by the Audit Committee and found to have no inconsistencies. This report is issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review it accordingly.

Tainan Enterprises Co., Ltd.

Convener of Audit Committee: Sher Jih-Hsin (signed)

March 7, 2024

- IV. Most recent financial statements: Please refer to Pages 161~360 for details.
- V. Most recent parent company only financial statements audited and certified by CPAs: Please refer to Pages 263~360 for details.
- VI. If the Company and its affiliates have encountered any financial turnover problems for the most recent fiscal year and until the date of publication of the annual report: None.

Seven.Review and Analysis on Financial Position and Performance and Risk Management Issues

I. Financial position

Unit: NT\$ Thousand

Year Item	2023	2022	Variance	
			Amount	%
Current assets	3,348,302	3,264,890	83,412	2.55
Financial assets carried at amortized cost - non-current	494,292	320,144	174,148	54.40
Property, plant and equipment	1,000,279	1,053,270	(52,991)	(5.03)
Intangible assets	10,033	13,054	(3,021)	(23.14)
Other assets	581,455	525,532	55,923	10.64
Total assets	5,434,361	5,176,890	257,471	4.97
Current liabilities	1,537,325	1,442,293	95,032	6.59
Other non-current liabilities	198,167	196,527	1,640	0.83
Total liabilities	1,735,492	1,638,820	96,672	5.90
Equity attributable to owners of the parent	3,698,869	3,538,070	160,799	4.54
Capital stock	1,461,535	1,471,535	(10,000)	(0.68)
Capital surplus	824,531	830,797	(6,266)	(0.75)
Retained earnings	1,441,544	1,283,342	158,202	12.33
Other equity	(28,741)	(24,941)	(3,800)	15.24
Treasury stock	-	(22,663)	22,663	(100.00)
Total equity	3,698,869	3,538,070	160,799	4.54
Explanation and analysis on the causes of the changes in amounts by more than 20% in the most recent two years, if any:				
<ol style="list-style-type: none"> Increase in financial assets at amortized cost - non-current : Due to the increase in bonds from 2022.. Decrease in intangible assets: Due to the decrease in computer software. Decrease in treasury stock : Due to the cancellation of treasury stock in the current period. 				

II. Financial Performance

(I) Comparison and analysis of operating results

Unit: NT\$ Thousand

Item \ Year	2023	2022	Variance	
			Amount	%
Operating revenue, net	6,508,300	7,529,845	(1,021,545)	(13.57)
Operating costs	5,345,401	6,310,580	(965,179)	(15.29)
Gross operating profit	1,162,899	1,219,265	(56,366)	(4.62)
Operating expenses	876,542	983,539	(106,997)	(10.88)
Operating income	286,357	235,726	50,631	21.48
Non-operating revenue and expense	73,861	111,574	(37,713)	(33.80)
Net profit before tax	360,218	347,300	12,918	3.72
Income tax expenses	48,749	46,268	2,481	5.36
Current net profit (loss)	311,469	301,032	10,437	3.47
Explanation and analysis on the causes of the changes in amounts by more than 20% in the most recent two years, if any:				
1. Decrease in non-operating revenue and expenses: Due to the decrease in gain from foreign currency exchange.				

- (II) Expected sale volume and basis thereof: the Company follows its business plan, considers the industrial planning and relies on the past business performance, in order to set the annual sales target.
- (III) The Company's profit appear to grow positively this year. Notwithstanding, in order to deal with the contingent impact, the Company will research and develop new technologies and new products and also develop new customers more pro-actively and also expand its production capacity effectively to improve its efficiency, in order to increase the Company's earnings. Therefore, the Company's business and financial position are expected to grow positively.

III. Cash flow

(I) Analysis on changes in the cash flow in the most recent year

Unit: NT\$ Thousand

Item \ Year	2023	2022	Variance	
			Amount	%
Operating activities	524,707	587,511	(62,804)	10.69
Investing activities	(314,522)	(52,029)	(262,493)	504.51
Financing activities	(269,843)	(483,659)	213,816	(44.21)
Explanation and analysis on the causes of the changes in amounts by more than 20% in the most recent two years, if any:				
1. Net cash outflow from investing activities increased: mainly because the interest rate of time deposit is low, this year the financial assets measured at amortized costs with high interest rates, stable interest were purchased, along with the purchase of lands for the new factory in Indonesia, the outflow amount increased				
2. Net cash outflow from financing activities decreased: Due to the payment in borrowing from 2022. more than in 2023				

(II) Analysis on liquidity for the coming year

Unit: NT\$ Thousand

Balance of cash, beginning	Projected net cash flow from operating activities for the year	Projected cash outflow for the year	Projected cash balance (deficit)	Projected corrective measures against insufficient cash position	
				Investment plan	Wealth management plan
735,368	2,300,605	(2,242,293)	793,680	—	—
Changes in the cash flow this year (2024):					
(1) Operating activities: the net cash inflow from operating activities resulted from the earnings for the current year.					
(2) Investing activities: Replacement of old production line equipment for new ones and investment in new plants in Indonesia are expected to generate net cash outflow.					
(3) Repayment of short-term loan, distribution of cash dividends and principal for the lease is expected to generate net cash outflow.					

IV. Effect of major capital expenditures on finance and business matters in the most recent year: None

V. Investment policy for the most recent year, the main reasons for profit or loss, improvement plan and investment plan for the coming year:

- (I) Most countries around the world have resumed back to the normal lifestyle before the pandemic, and orders are stable. The revenue of the current period has indicated growth from last period to reach the level before the pandemic. Nevertheless, due to the impacts of the inflation, excessive inventories in the U.S., Russo-Ukrainian War, trade conflict between the U.S. and China and supply chain shift, the revenue has not reached new highs. With the customer strategy adjustment, brand production site relocation, profit has increased, such that both the gross profit and operating income also increased.

(II) Investment plan for the coming year:

Looking into the year of 2024, the Company will continue to promote the customer structural adjustments based on the foundation established over the past years, and will also focus on high-profit products. In addition, the Company will develop new products, new customers, new business models to diversify risks, increase the proportion of the Canadian and Japanese markets and actively develop domestic market orders in Europe and China, Indonesia, Cambodia, Taiwan, etc.; invest in technology, through automation, intelligence, AI-assisted production and through information, data, BI to assist in decision-making with an estimated investment of NT\$140,000,000

VI. Analysis and assessment of risks: assess the following risks for the most recent year or during the current year up to the date of publication of the annual report:

- (I) The impact of the changes in interest rate and exchange rate, and inflation on the Company's profitability and future corresponding measures:
- Interest rate
 - The Group's interest rate risk arises mainly from bank borrowing at floating interest rates, which expose the Group to cash flow interest rate risk, partially offset by cash and cash equivalents held at floating interest rates. For the years of 2023 and 2022, the Group's borrowings at floating interest rates were mainly denominated in NTD and USD.

- (2) If borrowing interest rates had increased or decreased by 1%, with all other factors held constant, net profit would have decreased or increased by \$107 and \$134 for 2023 and 2022 respectively, primarily due to changes in interest expense as a result of floating rate borrowings.

2. Exchange rate

- (1) The Group operates on a multinational basis and is exposed to exchange rate risk arising from transactions with different functional currencies from those of the Company and its subsidiaries, mainly the USD and RMB. The related exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- (2) The management of the Group has established policies that require each company within the Group to manage its exchange rate risk relative to its functional currency. Each company is expected to hedge its overall exchange rate risk through the Group's Finance Department. Exchange rate risk is measured through anticipated transactions with a high probability of incurring USD and RMB expenditures, using forward foreign exchange contracts to reduce the impact of the exchange rate fluctuations on the expected cost of purchased inventories.
- (3) The Group uses forward exchange rate transactions to hedge exchange rate risk, but does not apply hedge accounting to account for financial assets or liabilities measured at fair value through profit or loss, as described in Note 6, (2) Financial assets and liabilities measured at fair value through profit or loss.
- (4) The Group's risk management policy is to hedge the expected future cash flows of major currencies, mainly USD denominated inventory purchases, in order to reduce the risk exposure of major currencies.
- (5) The Group holds certain investments in foreign operations whose net assets are subject to foreign currency translation risk. The exchange rate risk arising from the net assets of the Group's foreign operations is managed mainly through liabilities denominated in the relevant foreign currencies.

- (6) The Group engages in business involving certain non-functional currencies (the functional currency of the Group and some subsidiaries is the NTD and the functional currencies of some subsidiaries are the USD and RMB) and is therefore subject to exchange rate fluctuations. Information on foreign currency denominated assets and liabilities with significant exchange rate fluctuations are as follows:

December 31, 2023			
(Foreign currency: Functional currency)	Foreign currency		
	(in thousands)	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 44,014	30.71	\$ 1,351,669
RMB: NTD	7,862	4.327	34,018
IDR: USD	3,995,064	0.000065	7,949
NTD: USD	15,880	0.03	15,880
VND: USD	3,177,496	0.000041	4,031
KHR: USD	1,015,769	0.000244	7,606
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	22,932	30.71	704,230
RMB: NTD	25,381	4.327	109,823
IDR: USD	67,573,410	0.000065	134,411
VND: USD	17,014,555	0.000041	21,587
December 31, 2022			
(Foreign currency: Functional currency)	Foreign currency		
	(in thousands)	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 47,396	30.71	\$ 1,455,524
RMB: NTD	9,394	4.408	41,407
IDR: USD	16,513,374	0.000064	32,236
VND: USD	8,775	1.00	8,775
<u>Investments accounted for using the equity method</u>	2,566,696	0.000041	3,269
USD: NTD			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	20,472	30.71	628,707
RMB: NTD	26,477	4.408	116,762
IDR: USD	57,457,792	0.000064	112,166
VND: USD	10,202,204	0.000041	12,992

Sensitivity analysis of foreign currency exchange rate risk is calculated for monetary items denominated in foreign currencies at the end of the financial reporting period. If NTD had strengthened or weakened by 1%

against each foreign currency, with all other factors held constant, the Group's pre-tax profit would have increased or decreased by \$4,511 and \$6,706 in 2023 and 2022 respectively.

- (7) The aggregate amount of all exchange gains (losses) (both realized and unrealized) recognized for the years of 2023 and 2022 was \$23,182 and \$126,675, respectively, due to the significant impact of exchange rate fluctuations on the Group's monetary items.

3. Inflation rate

The inflation rate in 2023 was different from that in 2022, but still had no impact on the Company's normal operations and profitability.

4. Credit risk

- (1) The Group's credit risk is caused by the failure of customers or trading partners of financial instruments to meet their contractual obligations. The Group's exposure to financial losses arises primarily from the inability of trading partners to settle accounts receivable on collection terms and pay contractual cash flows from investments classified as debt instruments measured at amortized cost.
- (2) The Group establishes the management of credit risk from a group perspective. For banks and financial institutions, only those with a rating of at least "A" by an independent credit rating agency can be accepted as trading partners. According to the internal credit policy, each operating entity within the Group is required to conduct management and credit risk analysis for new customers before setting the terms and conditions of payment and delivery. Internal risk control is used to assess the credit quality of customers by considering their financial position, past experience and other factors. Individual risk limits are established by the Board Meeting based on internal or external ratings and the use of credit limits is monitored regularly.
- (3) In accordance with credit risk management, the Group considers the credit risk of financial assets to have increased significantly when contractual payments are more than 30 days overdue in accordance with the contractual payment terms.
- (4) The Group uses IFRS 9 to provide the premise that a default is deemed to have occurred when contractual payments are more than 90 days overdue in accordance with the contractual payment terms.
- (5) The Group classified the notes and accounts receivable from customers according to their ratings and the characteristics of the types of customers, and used a simplified method to estimate the allowance for losses on accounts receivable by adjusting the estimated credit losses based on historical and current information for a specific period for prospective consideration. The Group's loss rate method at December 31, 2023 and 2022 is stated as following:

	Expected loss rate	Total book value	Allowance for losses
December 31, 2023			
Group A	0.09%	\$ 1,187,894	\$ 1,230
Individual A	100%	\$ 7,374	\$ 7,374
		\$	\$
Total		1,195,268	8,604
	Expected loss rate	Total book value	Allowance for losses
December 31, 2022			
Group A	0.2%	\$ 1,190,457	\$ 6,748

(6) The changes in the allowance for losses on accounts receivable under the Group's simplified method were as follows:

	2023	2022
January 1	\$ 6,748	\$ 4,310
Expected credit impairment loss	2,052	5,380
Write-off of uncollectible amounts	(196)	(2,942)
December 31	\$ 8,604	\$ 6,748
Written-off amount collected in the current period		
(listed as "Other revenue")	\$	(\$ 21,074)

(7) The Group included the adjustment made for prospective consideration to estimate the opportunity of default of the investment in debt instruments on December 31, 2023 and 2022, based on historical and current information, and also took into consideration the collaterals held by it or other credit enhancements to estimate the expected credit loss.

(8) The changes in loss allowance for the investment in debt instruments at amortized cost stated by the Group are specified as following:

	2023		2022	
	Subject to the duration		Subject to the duration	
	Credit risk has increased significantly.	Credit impaired	Credit risk has increased significantly.	Credit impaired
January 1	\$ -44,079	\$ 7,752	\$	\$ 6,987
	(44,725)	44,725		
Types of impairment loss		-	42,788	
Effects of foreign exchange rate	646	(646)	1,291	765
December 31	\$ -	\$ 51,831	\$ 44,079	\$ 7,752

(II) Policies on high-risk, high-leverage investments, lending funds to others, endorsement and guarantee and derivative transactions, main reasons for profits or losses and future countermeasures:

1. The Company did not engage in high-risk and high-leverage investments in the most recent year.
2. The Company's endorsement and lending of funds to others are handled in accordance with the "Procedures for Endorsement and Guarantee" and "Procedures for Lending of Funds to Others" established by the Company.
3. The Group's daily operations are subject to a number of financial risks, including market risk (including exchange rate risk, price risk and interest rate risk), credit risk and liquidity risk. In order to reduce the adverse effect of uncertainty on the Group's financial performance, the Group enters into forward exchange rate contracts and exchange rate option contracts to hedge the exchange rate risk. The derivatives entered into by the Group are for hedging purposes and are not for trading or speculative purposes.
4. Risk management is performed by the Group's Finance Department in accordance with the policies approved by the Board Meeting. The Group's Finance Department is responsible for the identification, assessment and hedging of financial risks by working closely with the Group's operating units. The Board Meeting has written principles for overall risk management and also provides written policies for specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of surplus circulating capital.

(III) Future R&D plans and anticipated investments in R&D expenses

1. Listing of research and development expenditures from the current year until the date of publication of the annual report

Unit: NT\$ Thousand

Item \ Year	2023
Research expenditure	74,671

2. Technologies or products developed successfully

- (1) ETS system
- (2) IE working hours analysis system
- (3) SSP Mark cloud system
- (4) Establishment of 3D database
- (5) 3D cloud resource sharing
- (6) The 3D simulation system accelerating the approval rate of proofing
- (7) Completion of development and production of functional products

3. R&D plans and anticipated investments in R&D expenses

- (1) Anticipated investment in R&D expenses by NT\$100 million.
- (2) Optimization of process and details, improvement of production process, and rapid proofing
- (3) Addition of 3D system equipment
- (4) Upgrading of the 3D simulation system to discover production analysis in advance, pre-warning, quality assurance, and shorten the production time.

- (5) Maximization of the utility of machinery and equipment (remodeling and innovation), R&D of new technologies and automated equipment.
 - (6) Improvement of seamless garment technology (bonding machine/gluing machine/hemming machine, etc.)
 - (7) Optimization of the ratio of marks, and upgrading of the utilization rate of marks to reduce losses
 - (8) Analysis on difference in consumption of cloth
 - (9) Precise estimation of working hours for IE sport disc
 - (10) Optimization and innovation of the garment production process, and application of the intelligent technology to develop assistive devices and optimize the garment process.
4. Future R&D plans
- (1).Establish technical improvement, innovation, sharing and evaluation in factories at home and abroad.
 - (2).Preparation of the pattern-making team lean plan, talent reservation plan, and profession and technology inheritance.
 - (3).2D+3D technology sharing and upgrading in factories at home and abroad.
 - (4).Innovation of automated machine and assistive devices innovation for sustainable use
 - (5).Comprehensive improvement of the technical fields
 - (6).Assistance in upgrading technology and training in factories at home and abroad
 - (7).Virtualization technology to construct multiple simulation environments or dedicated resources.
 - (8).Improvement of laser cutting and sublimation technology
- (III) Financial impacts to the Company and the Company's response measures due to change of local and foreign important policies and laws in recent years: None.
- (IV) Financial impacts to the Company and the Company's response measures due to changes in technologies (including cybersecurity risk):
- Apply the IT technology in each production cycle to integrate the production workmanship and management procedures, and produce smart products through smart manufacturing to form the smart factory. Combine the new IT technologies, such as connectivity, cloud computing and big data, with automation technology, to practice the vertical systematic integration of the production processes; connect the whole factory internally through the cooperation between equipment, and also workers and equipment, so as to form a cyber physical system delivering mutual cooperation and response, launching personalized production, adjusting the production rate, and utilization rate of resources, to help the Company engage in the production in the most energy-conservation manner and also improve the resilience of production and utilization rate of resources, thus increasing the commercial value of industrial production.
1. ERP

Combined with MES, namely the "Manufacturing Execution System" or can also be called the "Factory Operation Control System," to help enterprises collect and monitor the production data generated in the process of manufacturing voluntarily, starting from acceptance of orders, production, flow control until completion of the production, in order to ensure the application software for production quality. Link with the head office's ERP system to transfer the orders automatically, to control the reports and batch costing timely, and feed the MES data back to the head office to help control the status of main and auxiliary materials and production progress in a timely manner.
 2. Smart suspension system

The suspension system may reflect the data about each apparel item, including target output and production progress, to each management department timely, in order to achieve the visual management and improve the capacity utilization.

3. Smart laundry operating model

The U-Shape mobile rhythmic production operating model may assist the management to manage employees effectively under a full-automatic mode, help all the whole employee groups engage in the production consistently based on the defined steps, make it easier to regulate and standardize the employees' gestures and movements to help them form good working habits and improve the output and production efficiency steadily. The clear procedures may help expose any problems timely and improve the efficiency rapidly.

4. Intelligent warehousing and autonomous mobile system

The use of the AGV system may help reduce the manpower significantly, concentrate the manpower on the value-added process, optimize the direct/indirect labor ratio, and increase the Unit Per Person Per Hour (UPPH). By virtue of the intelligent warehousing, it may gather the inventory statistics and positioning rapidly, assist supervisors to respond quickly and manage the inventory effectively, and reduce man-made errors, such as demand exceeding supply or short supply.

Then, the Company may shorten the lead time and mitigate potential air freight risk.

(V) Impacts to crisis management and response measures due to change of the corporate identity:

Since the Company established the Tainan Enterprises Culture and Art Foundation officially in November 2001, it has successively worked with multiple external culture and art organizations and groups to help promote various events. Meanwhile, it is also involved in the charity activities including community care, ecological conservation and talent training proactively to fulfill its corporate social responsibility to purify the society. Accordingly, the Company has received good recognition as a result of the efforts it spent in upgrading its corporate identity and feeding back to the society.

(VI) Expected benefits and possible risks of merger and acquisition as well as the response measures:

The Company didn't engage in any acquisition or merger of another company, or was merged or acquired by another company, recently.

(VII) Expected benefits and possible risks of factory expansions as well as the response measures:

The Company will expand its production capacity step by step in response to the increasing orders placed by customers. Considering that it is necessary to deal with the workers' pre-mature skills which might result in poor efficiency upon completion of the preliminary production lines, the Company takes the response measures requiring experienced workers to train new employees in turn, with the smart operating system to assist the new employees at the same time, in order to improve the efficiency of each production cycle. Given the problems, such as the rise in and the increasing costs of raw materials and supplies, in the production areas in Indonesia, the Company strictly controls the overtime work and also accepts orders in accordance with the production line plan, speeds up the industrial upgrading of the factory in Jakarta, serves high-profit customer brands with diversified, high-skill level and high-popularity products, invests capital in the specialized automated production equipment, increases the production capacity in the production areas in Central Java at the same time, and also transfer the production capacity of the relevant products in Jakarta to the production areas in Central Java. In response to the high and increasing complicated changeability in the color washing orders, the factory in Indonesia allied with Green Fashion

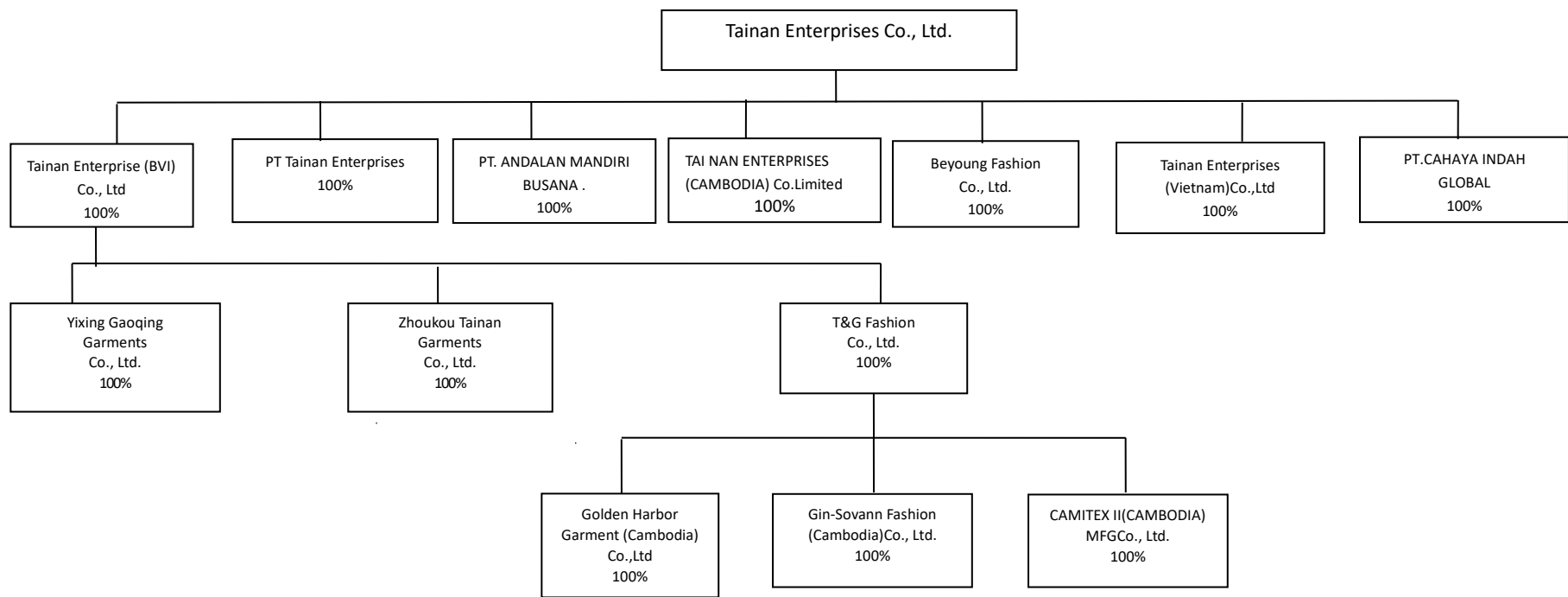
color washing factory strategically to improve the washing equipment and technology, strengthen the development of color washing operations and increase the added value of color washing. Cambodia Washing Factory premises uses the best effort to insist on its environmental protection philosophy, improves the core competitiveness, obtains the patent for innovative production process, reuses and recycles 100% of sewage, plans green energy, environmental protection and non-toxic production and, therefore, is upgraded as an eco-friendly washing factory. Vietnam Factory establishes the washing laboratory which adopts the advanced equipment to reduce pollutant emission, overcome the production management and time-sensitive problems, and save cost and time effectively.

- (VIII) Risks of concentrated procurement or sales as well as the response measures:
For the time being, the Company adopts the dispersed allocation of trade debtors and avoids concentrated procurement. It also plans to procure materials from different suppliers dispersed locally and overseas.
- (IX) Impacts, risks and response measures following a major transfer or change of equity by directors, supervisors or shareholders with more than 10% ownership interest: No major transfer or change of equity by directors, supervisors, or shareholders with more than 10% ownership interest arose in 2023.
- (X) Impacts, risks and response measures associated with a change of management:
No change of management occurred, since no major transfer or change of equity by directors, supervisors or shareholders with more than 10% ownership interest arose.
- (XI) In the case of major litigations, non-contentious cases or administrative litigations involving the Company or any director, supervisor, General Manager, person-in-charge or major shareholder with more than 10% ownership interest of the Company, whether concluded or pending judgment, that are likely to pose significant impact to shareholders' equity or security prices of the company, please disclose the nature of dispute, the amount involved, the date the litigation first started, the key parties involved and progress as of the publication date of this annual report: None.
- (XII) Other significant risks and response measures:
1. The Company's Finance Dept. supervises the forecast about the Company's need for working fund, in order to ensure that the Company's has sufficient fund to cover any business needs, and maintains sufficient unused line of credit commitments at any time, so as to prevent the Company from breaching any related line of credit commitments or clauses.
 2. The Company's Finance Dept. is in charge of the overall planning about investment in demand deposit, time deposit and securities with interest with residual capital. The instruments chosen by it provide appropriate maturity dates or sufficient liquidity to address said forecast and provide sufficient fund allocation levels.

VII. Other important matters: **None**

Eight. Special Notes

- I. Information about affiliated companies:
 - (I) Consolidated business reports of affiliates
 - 1. Overview of affiliates
 - (1) Organization Chart of Affiliates



Note 1: The Company and its affiliates do not hold each other's shares.

Note 2: The Organizational Chart only indicates the subsidiaries included into the consolidated financial statements.

- (2) The Company and another company are presumed to have controlling and subordinate relation under Article 369-3 of the Company Act, and the Company has no the controlling/subordinate company referred to in Paragraph 1 of Article 369-2 of the Company Act; therefore, that company is not included into the consolidated financial statements of affiliates. The information about shareholders and directors of that company: None.
- (3) A subordinate company in which the Company has a direct or indirect control over the management of the personnel, financial or business operation according to Paragraph 2 of article 369-2 of the Company Act: None.

2. Affiliates' profile

Name of Corporation	Date of Incorporation	Place of Registration	Outstanding Capital	Major Business or Production Items /Major Business or Production Items
Tainan Enterprise (BVI) Co., Ltd.	January 9, 1995	Road Town, Tortola, British Virgin Islands.	USD17,000 thousand	Professional investment business.
PT. Tainan Enterprises Indonesia	January 14, 1994	Jakarta Utara-14140, Indonesia	USD2,400 thousand	Processing, manufacturing and trading of various garments
Tainan Enterprise (Cambodia) Co., Ltd.	November 2010	Angk Snuol District, Kandal Province, Cambodia.	USD1,000 thousand	Processing, manufacturing and trading of various garments
PT. ANDALAN MANDIRI BUSANA	March 2013	JL SOLO KARANGANYAR KM 9.9, DESA JATEN. KECAMATAN JATEN, KABUPATEN KARANGANYAR	USD6,000 thousand	Processing, manufacturing and trading of various garments
PT CAHAYA INDAH GLOBAL	February 2023	Tegal , provinsi Jawa Tengah,Indonesia	USD1,900 thousand	Processing, manufacturing and trading of various garments
Beyoung Fashion Co., Ltd.	April 2015	Zhongzheng Dist., Taipei City	NTD50,500 thousand	Processing, manufacturing and trading of various garments
Tainan Enterprises. (Vietnam) Co., Ltd.	January 2016	Jianxiang City, Long An Province, Vietnam	USD10,000 thousand	Processing, manufacturing and trading of various garments
Yixing Gaoqing Garments Co., Ltd.	June 17, 1993	Yixing City, Jiangsu Province	USD4,500 thousand	Processing, manufacturing and trading of various garments
Zhoukou Tainan Garments Co., Ltd.	December 24, 2010	Zhoukou City, Henan Province	USD5,000 thousand	Processing, manufacturing and trading of various garments
T&G Fashion Co., Ltd.	January 6, 2015	Global Gateway8 Rue de la Perle,	USD3,300	Professional

Name of Corporation	Date of Incorporation	Place of Registration	Outstanding Capital	Major Business or Production Items /Major Business or Production Items
		Province, Mahe Seychelles	thousand	investment business.
Golden Harbor Garment (Cambodia) Limited.	January 14, 2015	Phnom Penh, Cambodia	USD100 thousand	Processing, manufacturing and trading of various garments
Gin-Sovann Fashion (Cambodia) Limited.	June 14, 2015	Kampong Speu Province, Cambodia	USD1,000 thousand	Processing, manufacturing and trading of various garments
CAMITEX II (CAMBODIA) MFG CO LTD.	January 4, 2011	Phnom Penh, Cambodia	USD100 thousand	Processing, manufacturing and trading of various garments

Note 1: Information about the shareholder in common of any company presumed to have a relationship of control and subordination: None.

Note 2: The trades covered by the business lines operated by the affiliates: The Company and its affiliates engage in the business including processing, manufacturing and trading of various garments, and investment business.

3. Information about directors, supervisors and presidents of affiliates

Unit: Share; %

Name of Corporation	Title	Name of Representative	Shareholding	
			Shares	%
Tainan Enterprise (BVI) Co., Ltd.	Chairman of the Board	Tainan Enterprises Co., Ltd./Representative: Yang Ching-Hon	170,000	100.00
Tainan Enterprises (Cambodia) CO., LTD.	Chairman of the Board	Tainan Enterprises Co., Ltd./Representative: Yang Fu-Ching	1,000	100.00
	General Manager	—	—	—
PT. Tainan Enterprises Indonesia	Chairman of the Board	Tainan Enterprises Co., Ltd./Representative: Yang Ching-Hon	2,400,000	100.00
	General Manager	Yang Fu-Ching	—	—
PT. ANDALAN MANDIRI BUSANA	Chairman of the Board	Tainan Enterprises Co., Ltd./Representative: Yang Ching-Hon	6,000	100.00
	General Manager	Yang Fu-Ching	—	—
PT CAHAYA INDAH GLOBAL	Chairman of the Board	Tainan Enterprises Co., Ltd./Representative: Yang Ching-Hon	1,900,000	100.00
Beyoung Fashion Co., Ltd.	Chairman of the Board	Tainan Enterprises Co., Ltd./Representative: Yang Shun-Hui	5,050,000	100.00
	General Manager	Su Chiung-Chung	—	—
Tainan Enterprises. (Vietnam) Co., Ltd.	Chairman of the Board	Tainan Enterprises Co., Ltd./Representative: Yang Ching-Hon	—	100.00
	General Manager	Yang Fu-Ching	—	—
Yixing Gaoqing Garments Co., Ltd.	Chairman of the Board	Tainan Enterprise (BVI) Co., Ltd./Representative: Yang Ching-Hon	—	100.00
	General Manager	—	—	—

Name of Corporation	Title	Name of Representative	Shareholding	
			Shares	%
Zhoukou Tainan Garments Co., Ltd.	Chairman of the Board	Tainan Enterprise (BVI) Co., Ltd./Representative: Yang Ching-Hon	—	100.00
	General Manager	—	—	—
T&G Fashion Co., Ltd.	Chairman of the Board	Tainan Enterprises Co., Ltd./Representative: Yang Shun-Hui	3,300,000	100.00
Golden Harbor Garment (Cambodia) Limited.	Chairman of the Board	T&G Fashion Co., Ltd. /Representative: Wang Po-Ya	-	100.00
Gin-Sovann Fashion (Cambodia) Limited.	Chairman of the Board	T&G Fashion Co., Ltd. /Representative: Huang Yu-Sung	-	100.00
CAMITEX II (CAMBODIA) MFG CO LTD.	Chairman of the Board	T&G Fashion Co., Ltd. /Representative: Wu Tao-Chang	100	100.00

(II) Overview of operations of affiliates

1. Financial position and business results of each affiliate

Unit: NT\$ Thousand

Name of Corporation	Outstanding capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income (loss)	Net income (loss) after tax	Earnings per share after tax (NTD)
Tainan Enterprise (BVI) Co., Ltd.	\$517,058	\$1,482,250	\$180	\$1,482,070	\$0	(\$3,152)	\$104,692	615.83
PT. Tainan Enterprises Indonesia	64,446	722,370	322,006	400,364	1,468,764	47,742	34,009	14.17
Tainan Enterprise (Cambodia) Co., Ltd.	29,585	262,659	106,105	156,554	810,518	72,324	73,353	73,352.51
PT. Andalan Mandiri Busana	182,024	315,553	148,882	166,671	503,800	37,497	23,636	3,939.42
Beyoung Fashion Co., Ltd.	50,500	169,410	139,912	29,498	449,476	6,553	4,198	0.83
Tainan Enterprises. (Vietnam) Co., Ltd.	319,090	378,744	200,652	178,092	312,477	56,442	52,735	— (註 2)
PT CAHAYA IDNDAH GLOBAL	59,469	58,510	0	58,510	0	(1)	163	0.09
Yixing Gaoqing Garments Co., Ltd.	138,195	201,830	39,258	162,572	397,583	6,084	5,212	— (註 2)
Zhoukou Tainan Garments Co., Ltd.	153,550	406	0	406	0	0	0	— (註 2)
T&G Fashion Co.,Ltd	101,343	129,630	0	129,630	0	(49)	58,107	17.61
Golden Harbor Garment (Cambodia) Limited.	3,071	368	0	368	0	(1)	(1)	— (註 2)
Jin-Sovann Fashions(Cambodia) Limited	30,710	150,119	56,514	93,605	361,084	55,381	57,076	— (註 2)
Camitex II (Cambodia) MFG	3,071	79	0	79	0	0	1	8.24

(III) Consolidated financial statements of affiliates: please refer to Pages 161~265 for details.

- II. Private placement of securities during the most recent year and up to the date of publication of the annual report: none.
- III. Holding or disposition of the Company's by the Company's subsidiaries during the most recent year and up to the date of publication of the annual report: none.
- IV. Other supplementary disclosures: none.

Nine. Any matters listed in the sub-paragraph 2, Paragraph 2 of Article 36 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, during the most recent year and up to the date of publication of the annual report: none.

Important resolutions made by shareholders' meetings and Board Meeting in the most recent year and until the date of publication of the annual report:

The important resolutions made by shareholders' meetings and Board Meeting of the Company have been entered into the MOPS for information.

1. Important resolutions made by shareholders' meetings, and execution thereof

Date of Meeting	Motion	Resolution and execution
June 21, 2023	<p>Important resolutions made by the annual general meeting 2023:</p> <p>I. Reports</p> <p>1. Business report 2022</p> <p>2. Audit Committee's audit report</p> <p>3. Report on 2022 employee and director remuneration distribution plan.</p> <p>4. Report on receipt status of directors' remuneration for 2022.</p>	<p>(1) Pursuant to Article 31 of the Company's Articles of Incorporation, the Company shall distribute the profit sharing remuneration to employees at a rate of not less than 1% of the Company's profit for the year and the profit sharing remuneration to directors at a rate of not more than 5% of the Company's profit for the year.</p> <p>(2) The Company's 2022 pre-tax income before the distribution of remuneration to employees and directors is NT\$322,405 thousand. The proposed cash distribution of employee remuneration in the amount of NT\$4,000,000 and director remuneration in the amount of NT\$6,600,000 are not different from the estimated employee remuneration of NT\$4,000,000 and director remuneration of NT\$6,600,000 in the accounts.</p> <p>(1) The remuneration to directors of the Company shall be in accordance with Article 31 of the Articles of Incorporation. The Company shall distribute remuneration to directors at a rate of not more than 5% of the profits of the current year. Additionally, in</p>

		<p>accordance with the "Performance Evaluation on the Board of Directors" of the Company, reasonable remuneration shall be paid in reference to the performance evaluation results of each director and shall be reviewed by the Salary Compensation Committee and approved by the Board of Directors.</p> <p>(2) The Company's independent directors receive fixed remuneration but do not participate in the distribution of earnings. The fixed remuneration is based on each independent director's participation in the Company's operations and the value of his or her contribution. Also, the remuneration paid by peer companies and listed companies in related industries is also be taken into consideration.</p>
	<p>5. Report on the execution of the eighth buyback of the Company's treasury shares.</p>	<p>(1) Original purpose of repurchase of shares: to transfer shares to employees</p> <p>(2) Actual repurchase period: March 30, 2018~May 22, 2018</p> <p>(3) Actual number of shares repurchased: 1,000,000 shares</p> <p>(4) As a percentage of issued shares: 0.68%</p> <p>(5) Average repurchase cost per share: \$22.66</p> <p>(6) Transferable period: May 22, 2018~May 22, 2023</p> <p>(7) Actual implementation:</p> <ol style="list-style-type: none"> 1. In accordance with the regulations of the competent authority and the Company's "Regulations on the Transfer of Repurchased Company Shares to Employees," the Company shall transfer treasury shares to employees within five years from the date of repurchase; if the shares are not transferred after that date, the shares shall be written off. 2. On November 18, 2022, the Board of Directors resolved to write off all 1,000,000 shares of treasury shares on the base date of write-off, May 22, 2023.
	<p>II. Ratifications</p> <p>1. Ratify the Company's 2022 business report and financial statements. (Proposed by the Board of Directors)</p>	<p>Ratified as proposed.</p> <p>The Company's 2022 financial statements, including parent company only and consolidated balance sheets, statements of comprehensive income, statements of changes in equity and statements of cash flow, have been audited by Lin</p>

	<p>V. Other proposals</p> <p>1. Proposal to release new directors and their representatives from the non-competition restriction (Proposed by the Board of Directors)</p>	<p>(2) In accordance with Article 18 of the Company's Articles of Incorporation, the number of directors shall be seven to eleven. The number of independent directors shall not be less than three and shall not be less than one-fifth of the number of directors. The Company adopts the candidates' nomination system for the election of the entire directors, shareholders elect directors from the nominees' list.</p> <p>(3) At this annual general meeting, 11 directors (including 3 independent directors) will be elected for a term of three years from June 21, 2023 to June 20, 2026 in accordance with the "Procedures for the Election of Directors" of the Company and the original directors will be discharged upon completion of the elections at this annual general meeting.</p> <p>Election Results: All the original directors were re-elected for the renewed term, and Mr. TuanMu-Cheng, Mr. She Ri-Hsin and Ms. Li Li-Ying were elected as independent directors.</p> <p>Passed as proposed.</p>
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2. Important resolutions made by the Board Meeting

Date of Meeting	Motion	Resolution and execution
March 21, 2023	1. Report on the Company's 2022 Declaration for Statement of Internal Control.	<p>Passed as proposed.</p> <p>(1) The Company performed the internal control self-assessment 2022 in accordance with its regulations governing internal control self-assessment. The Company adopted various internal control system criteria to assess the effectiveness of its internal control system design and execution.</p> <p>(2) Upon discussion on various units' self-assessment results and the internal audit unit's audit report, the Company hereby prepares the Declaration for Statement of Internal Control 2022.</p> <p>(3) The Declaration for Statement of Internal Control has been disclosed on the website designated by the FSC within 3 months at the end of the fiscal year as required, upon passing the latest Board of Directors meeting.</p> <p>(4) The proposal has been reviewed and passed</p>

Date of Meeting	Motion	Resolution and execution
	<p>2. The 2022 remuneration to employees and directors is hereby submitted for your discussion.</p> <p>3. The Company's 2022 business report, parent company only financial statements and consolidated financial statements are hereby submitted for your review.</p> <p>4. The Company's 2022 earnings distribution proposal is hereby submitted for your discussion.</p>	<p>by the Audit Committee, and was submitted to the Board of Directors for resolution pursuant to the laws.</p> <p>Passed as proposed.</p> <p>(1) Pursuant to Article 31 of the Company's Articles of Incorporation, the Company shall distribute the profit sharing remuneration to employees at a rate of not less than 1% of the Company's profit for the year and the profit sharing remuneration to directors at a rate of not more than 5% of the Company's profit for the year.</p> <p>(2) The Company's 2022 pre-tax income before the distribution of remuneration to employees and directors is NT\$322,405 thousand. The proposed cash distribution of employee remuneration in the amount of NT\$4,000,000 and director remuneration in the amount of NT\$6,600,000 are not different from the estimated employee remuneration of NT\$4,000,000 and director remuneration of NT\$6,600,000 in the accounts.</p> <p>(3) The distributed amount referred to in the preceding paragraph has been reviewed by the Salary Compensation Committee of the Company, which will be submitted to the annual general meeting for resolution upon approval by the Board Meeting.</p> <p>Passed as proposed.</p> <p>(1) The Company has prepared the 2022 business report, parent company only financial statements and consolidated financial statements. Said financial statements together with an Audit Report with unqualified opinion issued by Lin Tzu-Shu, CPA and Tien Chung-Yu, CPA of PwC Taiwan, respectively.</p> <p>(2) The motion has been reviewed by the Audit Committee of the Company, which will be submitted to the annual general meeting for resolution upon approval by the Board Meeting.</p> <p>Passed as proposed.</p> <p>(1) Cash dividends of NT\$1 per share are intended to be distributed, totaling NT\$146,153,534. If the number of outstanding shares is subsequently affected by the</p>

Date of Meeting	Motion	Resolution and execution
	<p>5. The Company's 2023 business plan.</p> <p>6. The appointment of the Company's General Manager.</p>	<p>retirement of shares or the issuance of new shares due to the repurchase of the Company's shares or the exercise of employee stock options, please authorize the Chairperson to adjust the distribution rate based on the actual number of outstanding shares of the Company on the base date of dividends distribution in accordance with the total amount of earnings proposed to be distributed from the common stock resolved at the shareholders' meeting.</p> <p>(2) The cash dividends were calculated and rounded off to the nearest NT\$ at the distribution ratio. The fractional amount less than NT\$1 was summed up and recognized by the Company as other revenue of the Company.</p> <p>(3) The cash dividends distribution referred to in the preceding paragraph is proposed to be approved by the shareholders at the 2023 annual general meeting of the Company and then to have the Chairman determine the dividends record date for the cash dividends distribution and date of payment.</p> <p>(4) The motion has been reviewed by the Audit Committee of the Company, which will be submitted to the annual general meeting for resolution upon approval by the Board Meeting.</p> <p>Passed as proposed.</p> <p>The Company's business plan 2023 has been discussed based on the various departments' business goals as well as the estimated income statement for the year.</p> <p>Resolution: Except Director Hsieh Yiu-Chin, who recused herself for conflict of interest pursuant to laws, the motion was approved by the other present directors as proposed.</p> <p>(1) General Manager Yang Shun-Hui retired due to personal health problem on March 31, 2023. The Company plans to appoint Ms. Hsieh Yiu-Chin to serve as the General Manager from April 1, 2023.</p> <p>(2) The new General Manager has worked in the wearing apparel industry for more than three</p>

Date of Meeting	Motion	Resolution and execution
	<p>9. The proposal for increase in the limit of loans to others.</p> <p>10. Report on the Company's GHG accounting and verification status.</p> <p>11. Land lease of Factory SOLO1 in Indonesia.</p> <p>12. Report on the Company's 2022 Board of Directors performance appraisal result.</p>	<p>act for themselves or others in the Company's scope of business, relaxation of prohibition of competition imposed on such directors or their representatives shall be proposed to the shareholders' meeting for approval, provided that it is not detrimental to the interests of the Company.</p> <p>(3) The motion will be submitted to the shareholders' meeting for resolution upon approval of the Board of Directors.</p> <p>Passed as proposed.</p> <p>(1) In response to the subsidiaries' need for working capital, the Company increased the limit of fund loaned to its subsidiary, Tainan Enterprises (Vietnam) Co., Ltd. by USD4 million in accordance with the Company's "Operating Procedure for Loaning of Funds to Others."</p> <p>(2) The proposal has been reviewed and passed by the Audit Committee, and was submitted to the Board of Directors for resolution.</p> <p>Passed as proposed.</p> <p>(1) The Company should complete the GHG accounting and verification schedule planning of the parent company and the Group (including subsidiaries) and submit the same to the Board of Directors in accordance with the "Sustainable Development Roadmap for TWSE/TPEX Listed Companies" released by FSC and control it on a quarterly basis.</p> <p>(2) As a company with the paid-in capital less than NT\$5 billion, the Company will continue controlling the GHG accounting and verification disclosure schedule status in accordance with the reference guidance and requirements issued by the competent authority.</p> <p>Passed as proposed.</p> <p>The land lease for SOLO1 in Indonesia is about to expire. The Company plans to renew the lease.</p> <p>Passed as proposed.</p> <p>In order to practice the corporate governance, improve the Board of Directors' function and set the performance goals to strengthen the Board of Directors' operating efficiency, the Company</p>

Date of Meeting	Motion	Resolution and execution
	<p>13. Amendments to the Company's "Corporate Governance Best Practice Principles."</p> <p>14. Amendments to the Company's "Operating Regulations Governing Transactions with Related Parties, Specific Companies and Group Enterprises."</p> <p>15. Amendment to the Company's "Procedures for the Acquisition or Disposal of Assets."</p> <p>16. Amendments to the Company's "Sustainable Development Best Practice Principles."</p>	<p>established its Regulations Governing Performance Appraisal on the Board of Directors in accordance with Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and perform the appraisal in accordance with the Regulations. The appraisal has been completed in 2022.</p> <p>Passed as proposed. In order to implement the enhancement of related party transaction management, encouragement of shareholders' participation in corporate governance and directors' continuing education planning under Corporate Governance 3.0-Sustainable Development Roadmap, the Company amended its "Corporate Governance Best Practice Principles" in accordance with the letters under Tai-Zheng-Zhi-Li-Zi No. 1090002299 and 1110024366.</p> <p>Passed as proposed. In order to implement the enhancement of related party transaction management of Corporate Governance 3.0 -Sustainable Development Roadmap, the Company amended the "Operating Regulations Governing Transactions with Related Parties, Specific Companies and Group Enterprises" according to the letter under Tai-Zheng-Zhi-Li-Zi-No. 1110024366.</p> <p>Passed as proposed. In order to implement the enhancement of related party transaction management of Corporate Governance 3.0 -Sustainable Development Roadmap, the Company amended the "Regulations Governing the Acquisition and Disposal of Assets" according to the letter under Tai-Zheng-Zhi-Li-Zi-No. 1110024366. This case will be submitted to the shareholders' meeting for discussion after the approval of this Board meeting.</p> <p>Passed as proposed. In order to encourage enterprises to support art and cultural activities and promote the cultural sustainable development, the Company amended its "Sustainable Development Best Practice Principles" according to the letter under Tai-Zheng-Zhi-Li-Zi NO. 1110024366.</p>

Date of Meeting	Motion	Resolution and execution
	<p>17. Proposal for date, venue, manner and causes of convening of the 2023 annual general meeting.</p>	<p>Passed as proposed.</p> <p>Proposal for date, venue, manner and causes of convening of the 2023 annual general meeting:</p> <p>(1) Date: 9:00AM, June 21, 2023</p> <p>(2) Venue: No. 320, Sec. 3, Zhongshan Rd., Guiren Dist., Tainan City (the conference room at the Head Office)</p> <p>(3) Method: The annual general meeting will be convened in a physical manner.</p> <p>(4) Causes:</p> <p>A. Reports:</p> <p>a. Business report 2022</p> <p>b. Audit Committee's audit report</p> <p>c. Report on 2022 employee and director remuneration distribution plan.</p> <p>d. Report on receipt status of directors' remuneration for 2022.</p> <p>e. Report on execution of the eighth buyback of the Company's treasury shares.</p> <p>B. Ratifications:</p> <p>a. Ratify the Company's 2022 business report and financial statements.</p> <p>b. Ratify the Company's 2022 earnings distribution plan.</p> <p>C. Discussion: Amendment to the Company's "Procedures for the Acquisition or Disposal of Assets."</p> <p>D. Election: Re-election of all the Company's directors.</p> <p>E. Other motions: Proposal to release new directors and their representatives from the non-competition restrictions.</p> <p>F. Extempore Motions</p> <p>(5) Period of suspension of stock transfer: From April 23, 2023 to June 21, 2023.</p>
	<p>18. The shareholders' proposals for the 2023 annual general meeting are hereby submitted for your discussion.</p>	<p>Passed as proposed.</p> <p>(1) In accordance with Article 172-1 of the Company Act, shareholders holding at least one percent of the Company's outstanding shares may submit a written proposal to the Company for a regular shareholders' meeting. However, it is limited to one proposal in no more than 300 words. The Company will accept proposals from shareholders for the regular shareholders' meeting from April 14, 2023 to April 24, 2023, from 9:00 a.m. to 5:00</p>

Date of Meeting	Motion	Resolution and execution
	<p>19. The proposal for inclusion of the shareholders' proposals for the 2023 annual general meeting into the roster of candidates is hereby submitted for your discussion.</p>	<p>p.m. daily [by post within the acceptance period and please mark the envelope with the words "Proposal for Shareholders' Meeting" on the envelope and send it by registered mail with the contact person and contact information]. If there is any proposal from the shareholders during the above period, it will be submitted to the Board Meeting for discussion. The Company will notify the proposing shareholders of the results of the handling of the proposal before the date of the notice of the shareholders' meeting and will include the proposal that meets the requirements of Article 172-1 of the Company Act in the notice of the meeting.</p> <p>(2) The Company's review criteria for accepting shareholders' proposals: The Board Meeting shall classify a shareholder's proposal as a motion, except for one of the following circumstances:</p> <ul style="list-style-type: none"> A. The motion is not supposed to be resolved at the shareholders' meeting. B. If the proposing shareholder holds less than one percent of the shares at the time of the suspension of stock transfer. C. The proposal is made outside the acceptance period as announced. D. The motion exceeds 300 words or there is more than one proposal. <p>The Board Meeting may still include the aforementioned shareholder's proposal in the motion if its purpose is to urge the Company to promote the public interest or fulfill its social responsibility.</p> <p>(3) Method and place of receiving shareholders' proposals: Please specify the "Proposal for Shareholders' Meeting" on the envelope and send the same to the Company's Finance Department via registered mail. (Address: 18th Floor, No. 15-1, Section 1, Hangzhou South Road, Zhongzheng Dist., Taipei City Tel: 02-23916421)</p> <p>Passed as proposed. The operating procedure for inclusion of accepted shareholders' nomination into the roster of candidates is specified as follows:</p> <p>(1) According to Article 192-1 of the Company Act, any shareholder holding 1% or more of</p>

Date of Meeting	Motion	Resolution and execution
		<p>the total number of outstanding shares issued by the company may submit to the company in writing a roster of director/independent director candidates, provided that the total number of director/independent director candidates so nominated shall not exceed the quota of the directors/independent directors to be elected.</p> <p>(2) The annual general meeting shall elect 11 directors (including 3 independent directors). If any shareholder wishes to propose the roster of director/independent director candidates at the annual general meeting, the Company schedules to accept the roster of director/independent director candidates as proposed from April 14, 2023 to April 24, 2023, from 9:00AM to 5:00PM [by post within the acceptance period, and please mark the envelope with the words "Proposal for nomination of director/independent director candidates" on the envelope and send it by registered mail with the contact person and contact information, send the same via registered mail, and specify the name and Tel. No. of the contact person]. The proposing shareholders shall specify the nominees' names, educational background and work experience. Notwithstanding, the independent director candidates shall submit the documents and other certificates pursuant to Paragraph 1 of Article 2, Article 3 and Articles of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."</p> <p>(3) Criteria for inclusion of accepted shareholders' nomination into the roster of candidates: Unless in any of the following circumstances, the same shall be included into the roster of director/independent director candidates.</p> <p>A. The list of nominated independent director candidates is submitted by the nominating shareholder outside the announced period for accepting nomination of independent director candidates.</p> <p>B. If the proposing shareholder holds less than one percent of the shares at the time of the suspension of stock transfer.</p>

Date of Meeting	Motion	Resolution and execution
		<p>C. The number of candidates exceeds the quota.</p> <p>D. The proposing shareholder fails to specify the nominees' name, educational background and work experience.</p> <p>E. The nominee does not satisfy the statutory qualifications. (Juristic person without shareholdings and the independent directors, fail to submit the related documents identified in said "Information to be attached.")</p> <p>(4) At the end of the time limit for acceptance of shareholders' nomination, the Company will ask the Board of Directors to review the candidates pursuant to the laws and separately.</p> <p>(5) Place of receiving shareholders' nomination of director/independent director candidates: the Company's Finance Division (Address: 18th Floor, No. 15-1, Section 1, Hangzhou South Road, Zhongzheng Dist., Taipei City Tel: 02-23916421)</p>
April 24, 2023	<p>1. Nomination of the candidates for the Company's directors.</p> <p>2. Proposal to release new directors and their representatives from the prohibition of competition.</p>	<p>Passed as proposed.</p> <p>(1) The term of office of the current directors of the Company expires on June 14, 2023, and the re-election of directors shall be held at the 2023 annual general meeting in accordance with the law.</p> <p>(2) According to Article 18 of the Company's Articles of Incorporation, the Company adopts the candidates' nomination system for the election of the entire directors, shareholders elect directors from nominees list. The nomination method and other related matters shall be handled in accordance with the Company Act and relevant regulations.</p> <p>(3) The Board of Directors plans to nominate a total of 11 directors (including 3 independent directors) of the Company.</p> <p>Passed as proposed.</p> <p>(1) According to Article 209 of the Company Act, a director who does anything for himself or</p>

Date of Meeting	Motion	Resolution and execution
		<p>on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.</p> <p>(2) If it is necessary for the Company's newly elected directors and their representatives to act for themselves or others in the Company's scope of business, relaxation of prohibition of competition imposed on such directors or their representatives shall be proposed to the shareholders' meeting for approval, provided that it is not detrimental to the interests of the Company.</p>
May 8, 2023	<p>1. The Company's 2023 Q1 consolidated financial statements are submitted for review.</p> <p>2. Report on the Company's GHG accounting and verification status.</p>	<p>Passed as proposed.</p> <p>(1) The Company's 2023 Q1 consolidated financial statements have been prepared.</p> <p>(2) Said financial statements together with an Audit Report issued by Tien Chung-Yu, CPA and Yeh Fang-Ting, CPA of PwC Taiwan, respectively.</p> <p>(3) The proposal has been reviewed and passed by the Audit Committee, and was submitted to the Board of Directors for resolution.</p> <p>Passed as proposed.</p> <p>(1) The Company should complete the GHG accounting and verification schedule planning of the "parent company" and submit it to the Board of Directors in accordance with the "Sustainable Development Roadmap" released by FSC in March 2022, by the end of Q2 of 2022, and also the GHG accounting and verification schedule planning of the "Group (including its subsidiaries) by Q1 of 2023 and control the same on a quarterly basis."</p> <p>(2) As a company with the paid-in capital less than NT\$5 billion, the Company shall complete the GHG accounting in 2026 and the verification in 2028. Meanwhile, the Company will continue controlling the GHG accounting and verification disclosure schedule status in accordance with the reference guidance and requirements issued by the competent authority.</p>
July 3, 2023	1. Election of the Company's Chairman .	Resolution: Mr. Yang Ching-Hon was unanimously elected as the Company's Chairman by all

Date of Meeting	Motion	Resolution and execution
	2. Appointment of the 5th "Salary Compensation Committee" members.	<p>directors present at the meeting.</p> <p>(1) According to Article 203 of the Company Act and Article 20 of the Company's Articles of Incorporation, the first Board meeting after the election of directors is convened to elect a chairman to facilitate the Company's business, who shall serve as the chairperson of shareholders' meeting and the Board meetings internally and act on behalf of the Company externally.</p> <p>(2) Term of office: July 3, 2023~June 20, 2026</p> <p>Passed as proposed.</p> <p>(1) Eleven new directors were elected at the annual general meeting on June 21, 2023 to hold the term of office of three years.</p> <p>(2) According to the Company's Articles of Association for the Salary Compensation Committee, the term of office to be held by the Salary Compensation Committee members shall end at the same time as that of the Board of Directors, which appointed the Salary Compensation Committee.</p> <p>(3) Proposed to appoint three independent directors, namely, Ms. Li Li-Ying, Mr. She Jih-Hsin and Mr. TuanMu-Cheng as the members of the 5th "Salary Compensation Committee" for the term of office from July 3, 2023 to June 20, 2026.</p>
August 8, 2023	<p>1. Discussion on 2022 director remuneration distribution plan</p> <p>2. Replacement of CPAs</p>	<p>Resolution: In accordance with Article 16 of the Company's "Rules of Procedure for Board of Directors Meetings," the motion was approved unanimously by the present directors, excluding the directors who should recuse themselves from the discussion about the remuneration to them or the juristic persons represented by them.</p> <p>(1) The Company's 2022 distribution of remuneration to directors, NT\$6,600,000, was reported to the annual general meeting on June 21, 2023. The distribution of individual directors' remuneration has been reviewed and approved by the Company's Salary Compensation Committee and Audit Committee and submitted to the Board of Directors for resolution pursuant to laws.</p> <p>Passed as proposed.</p> <p>(1) The Company initially appointed Tien Chung-</p>

Date of Meeting	Motion	Resolution and execution
	<p>3. The Company's 2023 Q2 consolidated financial statements are submitted for review.</p> <p>4. Discussion on the external auditor's professional fees 2023.</p> <p>5. Establishment of the "Cyber Security Control Policy."</p>	<p>Yu, CPA and Yeh Fang-Ting, CPA of PwC Taiwan to audit the financial statements. Notwithstanding, due to the internal organizational adjustment of PwC Taiwan, the financial statements were scheduled to be audited by Tien Chung-Yu, CPA and Hsu Hui-Yu, CPA instead since 2023 Q2.</p> <p>(2) The proposal has been reviewed and passed by the Audit Committee, and was submitted to the Board of Directors for resolution.</p> <p>Passed as proposed.</p> <p>(1) The Company's 2023 Q2 consolidated financial statements have been prepared.</p> <p>(2) Said financial statements together with an Audit Report issued by Tien Chung-Yu, CPA and Hsu Hui-Yu, CPA of PwC Taiwan, respectively.</p> <p>(3) The proposal has been reviewed and passed by the Audit Committee, and was submitted to the Board of Directors for resolution.</p> <p>Passed as proposed.</p> <p>(1) The professional fees charged by PwC Taiwan, the external auditor retained by the Company, for the audit on the Company's financial statements and profit-seeking enterprise income tax return 2023 were NT\$7,975,000.</p> <p>(2) The proposal has been reviewed and passed by the Audit Committee, and was submitted to the Board of Directors for resolution.</p> <p>Passed as proposed.</p> <p>In accordance with the "Cyber Security Controls Guidelines for TWSE/TPEx Listed Companies" promulgated by the competent authority on December 23, 2021, the Company has established its "Cyber Security Control Policy."</p>
November 8, 2023	1. The Company's 2023 Q3 consolidated financial statements are submitted for review.	<p>Passed as proposed.</p> <p>(1) The Company's 2023 Q3 consolidated financial statements have been prepared.</p> <p>(2) Said financial statements together with an Audit Report issued by Tien Chung-Yu, CPA and Hsu Hui-Yu, CPA of PwC Taiwan, respectively.</p> <p>(3) The proposal has been reviewed and passed</p>

Date of Meeting	Motion	Resolution and execution
	<p>2. The proposal for assessment on independence of the CPA 2023 is submitted for discussion.</p> <p>3. The proposal for internal audit plan 2024.</p> <p>4. The Company's 2024 business plan and future business strategy.</p> <p>5. Proposal for appointment of the Company's cyber security team members.</p>	<p>by the Audit Committee, and was submitted to the Board of Directors for resolution.</p> <p>Passed as proposed.</p> <p>(1) According to Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies, a TWSE/TPEX-listed company shall periodically (at least once per year) assess the independence and competence of the CPA retained by it in reference to the AQIs.</p> <p>(2) The Company's financial statements and profit-seeking enterprise income tax return were audited by PwC Taiwan retained by the Company.</p> <p>(3) The external auditors retained by the Company, namely Tien Chung-Yu, CPA and Hsu Hui-Yu, CPA, have undergone the Company's assessment on independence and competence of the CPA as identified in the "External Auditor's Review Form."</p> <p>Passed as proposed.</p> <p>(1) According to the Regulations Governing Establishment of Internal Control Systems by Public Companies, the Company sets forth its internal audit plan 2024. °</p> <p>(2) The proposal has been reviewed and passed by the Audit Committee, and was submitted to the Board of Directors for resolution.</p> <p>Resolution:</p> <p>1. The 2024 business plan, estimated income statement, and factory integration plan in the business strategies were unanimously approved by all present directors.</p> <p>2. The costs for the new plant in Indonesia under the business strategy should be re-evaluated and reconsidered by the management team.</p> <p>The Company's business strategies for next three years and 2024 estimated income statement have been discussed based on the various departments' business goals.</p> <p>Passed as proposed.</p> <p>(1) According to the FSC Letter Jin-Guan-Zheng-Shen-Zi No. 11003656544 issued on December 28, 2021, the Company is a listed</p>

Date of Meeting	Motion	Resolution and execution
		<p>company classified into the information security level 2 and should appoint a dedicated information security officer and at least one dedicated information security staff by the end of 2023.</p> <p>(2) Proposed to appoint the Chief Financial Officer, Mr. Wu Chien-Der, to serve as the dedicated information security officer and to appoint one dedicated information security staff proposed to be served by Mr. Kuo Lung-Hsiang from the Information Department .</p>
December 12, 2023	<p>1. The costs for the Company's new plant in Indonesia .</p> <p>-</p>	<p>Resolutions: Upon the chairperson's inquiry with all present directors for their opinions, the Chairman, Director Wu Tao-Chang and Director Hsieh Yiu-Chin were authorized to address the matter with full power. Meanwhile, the budget for the new plant in Indonesia shall be no more than US\$17 million.</p> <p>The cost for the new plant in Indonesia has been re-evaluated by the management team.</p>
March 7, 2024	<p>1. Report on the Company's 2023 Declaration for Statement of Internal Control.</p> <p>2.The 2023 remuneration to employees and directors is hereby submitted for your discussion.</p>	<p>Passed as proposed.</p> <p>(1) The Company performed the internal control self-assessment 2023 in accordance with its regulations governing internal control self-assessment. The Company adopted various internal control system criteria to assess the effectiveness of its internal control system design and execution.</p> <p>(2) Upon discussion on various units' self-assessment results and the internal audit unit's audit report, the Company hereby prepares the Declaration for Statement of Internal Control 2023.</p> <p>(3) The Declaration for Statement of Internal Control has been disclosed on the website designated by the FSC within 3 months at the end of the fiscal year as required, upon passing the latest Board of Directors meeting.</p> <p>(4) The proposal has been reviewed and passed by the Audit Committee, and was submitted to the Board of Directors for resolution pursuant to the laws.</p> <p>Passed as proposed.</p>

Date of Meeting	Motion	Resolution and execution
	<p>3. The Company's 2023 business report, parent company only financial statements and consolidated financial statements are hereby submitted for your review.</p> <p>4. The Company's 2023 earnings distribution proposal is hereby submitted for your discussion.</p>	<p>(4) Pursuant to Article 31 of the Company's Articles of Incorporation, the Company shall distribute the profit sharing remuneration to employees at a rate of not less than 1% of the Company's profit for the year and the profit sharing remuneration to directors at a rate of not more than 5% of the Company's profit for the year.</p> <p>(5) The Company's 2023 pre-tax income before the distribution of remuneration to employees and directors is NT\$346,200 thousand. The proposed cash distribution of employee remuneration in the amount of NT\$4,000,000 and director remuneration in the amount of NT\$6,600,000 is not indifferent from the estimated employee remuneration of NT\$4,000,000 and director remuneration of NT\$6,600,000 in the accounts.</p> <p>(6) The distributed amount referred to in the preceding paragraph has been reviewed by the Salary Compensation Committee of the Company, which will be submitted to the annual general meeting for resolution upon approval by the Board Meeting.</p> <p>Passed as proposed.</p> <p>(1) The Company has prepared the 2023 business report, parent company only financial statements and consolidated financial statements. Said financial statements together with an Audit Report with unqualified opinion issued by Tien Chung-Yu, CPA and Hsu Hui-Yu, CPA of PwC Taiwan, respectively.</p> <p>(2) The motion has been reviewed by the Audit Committee of the Company, which will be submitted to the annual general meeting for resolution upon approval by the Board Meeting.</p> <p>Passed as proposed.</p> <p>(1) Cash dividends of NT\$1.2 per share are intended to be distributed, totaling NT\$175,384,241. If the number of outstanding shares is subsequently affected by the retirement of shares or the issuance of new shares due to the repurchase of the Company's shares or the exercise of</p>

Date of Meeting	Motion	Resolution and execution
	<p>5.Proposal for date, venue, manner and causes of convening of the 2024 annual general meeting.</p>	<p>employee stock options, please authorize the Chairperson to adjust the distribution rate based on the actual number of outstanding shares of the Company on the base date of dividends distribution in accordance with the total amount of earnings proposed to be distributed from the common stock resolved at the shareholders' meeting.</p> <p>(2) The cash dividends were calculated and rounded off to the nearest NT\$ at the distribution ratio. The fractional amount less than NT\$1 was summed up and recognized by the Company as other revenue of the Company.</p> <p>(3) The cash dividend distribution referred to in the preceding paragraph is proposed to be approved by the shareholders at the 2024 annual general meeting of the Company and then to have the Chairman determine the dividends record date for the cash dividends distribution and date of payment.</p> <p>(4) The motion has been reviewed by the Audit Committee of the Company, which will be submitted to the annual general meeting for resolution upon approval by the Board Meeting.</p> <p>Passed as proposed.</p> <p>Proposal for date, venue, manner and causes of convening of the 2024 annual general meeting:</p> <p>(6) Date: 9:00AM, May 24, 2024</p> <p>(7) Venue: No. 320, Sec. 3, Zhongshan Rd., Guiren Dist., Tainan City (the conference room at the Head Office)</p> <p>(8) Method: The annual general meeting will be convened in a physical manner.</p> <p>(9) Causes:</p> <p>G. Reports:</p> <p>f. Business report 2023</p> <p>g. Audit Committee's audit report</p> <p>h. Report on 2023 employee and director remuneration distribution plan.</p> <p>i. Report on receipt status of directors' remuneration for 2023.</p> <p>H. Ratifications:</p> <p>c. Ratify the Company's 2023 business report and financial statements.</p> <p>d. Ratify the Company's 2023 earnings distribution plan.</p>

Date of Meeting	Motion	Resolution and execution
	<p>6.The acceptance of shareholders' proposals for the 2024 annual general meeting is hereby submitted for your discussion.</p>	<p>I. Discussions: none. J. Election: none. K. Other proposals: none L. Extempore motions: none. Period of suspension of stock transfer: From March 26, 2024 to May 24, 2024.</p> <p>Passed as proposed.</p> <p>(4) In accordance with Article 172-1 of the Company Act, shareholders holding at least one percent of the Company's outstanding shares may submit a written proposal to the Company for a regular shareholders' meeting. However, it is limited to one proposal in no more than 300 words. The Company will accept proposals from shareholders for the regular shareholders' meeting from March 16, 2024 to March 26, 2024, from 9:00 a.m. to 5:00 p.m. daily [by post within the acceptance period, and please mark the envelope with the words "Proposal for Shareholders' Meeting" on the envelope and send it by registered mail with the contact person and contact information]. If there is any proposal from shareholders during the above period, it will be submitted to the Board Meeting for discussion. The Company will notify the proposing shareholders of the results of the handling of the proposal before the date of the notice of the shareholders' meeting and will include the proposal that meets the requirements of Article 172-1 of the Company Act in the notice of the meeting.</p> <p>(5) The Company's review criteria for accepting shareholders' proposals: The Board Meeting shall classify a shareholder's proposal as a motion, except for one of the following circumstances: E. The motion is not supposed to be resolved at the shareholders' meeting. F. If the proposing shareholder holds less than one percent of the shares at the time of the suspension of stock transfer. G. The proposal is made outside the acceptance period as announced. H. The motion exceeds 300 words or there is more than one proposal. The Board Meeting may still include the aforementioned shareholder's proposal in the</p>

Date of Meeting	Motion	Resolution and execution
		<p>motion if its purpose is to urge the Company to promote the public interest or fulfill its social responsibility.</p> <p>(6) Method and place of receiving shareholders' proposals: Please specify the "Proposal for Shareholders' Meeting" on the envelope and send the same to the Company's Finance Department via registered mail. (Address: 18th Floor, No. 15-1, Section 1, Hangzhou South Road, Zhongzheng Dist., Taipei City Tel: 02-23916421)</p>

3. Important resolutions made by the special Board Meeting

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Tainan Enterprises Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Tainan Enterprises Co., Ltd. and its subsidiaries (the “Group”) as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these

requirements. Based on our audits and the reports of other auditors, 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 judgement, were of most significance in our audit of the Group's 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, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Cut-off of operating revenue from export sales

Description

Refer to Note 4(29) for accounting policies on operating revenue and Notes 6(21) and 14(6) for details of revenue. Exports sales comprise a significant portion of the Group's revenues, which are recognized based on the terms and conditions of the transaction agreed with the customer. As the revenue recognition process involves manual process and judgements, there exists a risk of material misstatement that may arise from improper timing in revenue recognition for transactions that occur near the balance sheet date. Thus, we considered the cut-off of operating revenue from export sales a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding and assessed the accounting policies on revenue recognition.
2. Confirmed the completeness of the sales revenue transaction details of the export sales for a certain period before or after the balance sheet date and performed cut-off tests on a sampling basis to inspect the supporting documents (including confirming transaction

conditions, checking orders, shipping documents, export declarations and bills of lading, etc.) to ascertain whether sales revenue was recognized in the proper period.

Other matter – Reports of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$86,619 thousand and NT\$73,644 thousand, constituting 2% and 1% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income recognized from associates and joint ventures accounted for under the equity method amounted to NT\$19,481 thousand and NT\$19,180 thousand, constituting 6% and 4% of the consolidated total comprehensive income for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with an *Other matter* section on the parent company only financial statements of Tainan Enterprises Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement,

whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any

significant deficiencies in internal control that we identify during our audit.

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

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

Tien, Chung-Yu

Independent Accountants

Hsu, Huei-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 7, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report 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, PricewaterhouseCoopers 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.

TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 735,368	14	\$ 798,957	15
1110	Financial assets at fair value through profit or loss - current	6(2)	256	-	32	-
1136	Financial assets at amortized cost - current	6(3)	86,314	2	65,745	1
1150	Notes receivable, net	6(4)	-	-	891	-
1170	Accounts receivable, net	6(4)	1,186,664	22	1,183,709	23
1200	Other receivables		56,368	1	61,152	1
1220	Current income tax assets	6(28)	71	-	232	-
130X	Inventories	6(5)	1,203,643	22	1,071,255	21
1410	Prepayments	6(8)	79,618	1	82,917	2
11XX	Total current assets		3,348,302	62	3,264,890	63
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	5(2) and 6(2)	86,825	2	86,954	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	545	-	609	-
1535	Financial assets at amortised cost - non-current	6(3)	494,292	9	320,144	6
1550	Investments accounted for under equity method	6(7)	86,619	2	73,644	2
1600	Property, plant and equipment	6(8)	1,000,279	18	1,053,270	21
1755	Right-of-use assets	6(9)	114,728	2	110,252	2
1760	Investment property, net	6(11)	136,934	3	137,443	3
1780	Intangible assets	6(12)(13)	10,033	-	13,054	-
1840	Deferred income tax assets	6(28)	66,808	1	68,773	1
1915	Prepayments for equipment	6(8)(11)(12)	55,270	1	13,440	-
1920	Guarantee deposits paid		14,482	-	15,075	-
1975	Net defined benefit asset - non-current	6(16)	3,156	-	3,158	-
1990	Other non-current assets		16,088	-	16,184	-
15XX	Total non-current assets		2,086,059	38	1,912,000	37
1XXX	Total assets		\$ 5,434,361	100	\$ 5,176,890	100

(Continued)

TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2023		December 31, 2022				
			Notes	AMOUNT	%	AMOUNT	%		
Current liabilities									
2100	Short-term borrowings	6(14)	\$	609,000	11	\$	700,809	14	
2130	Contract liabilities - current	6(21)		4,891	-		5,028	-	
2150	Notes payable			6,951	-		7,516	-	
2170	Accounts payable			413,529	8		217,697	4	
2200	Other payables	6(15)		439,167	8		454,982	9	
2230	Current income tax liabilities	6(28)		33,781	1		27,322	-	
2280	Lease liabilities - current			30,000	-		28,555	1	
2310	Advance receipts			6	-		384	-	
21XX	Total current liabilities			1,537,325	28		1,442,293	28	
Non-current liabilities									
2570	Deferred income tax liabilities	6(28)		49,267	1		39,742	1	
2580	Lease liabilities - non-current			17,358	-		45,091	1	
2640	Net defined benefit liabilities - non-current	6(16)		128,887	3		108,684	2	
2645	Guarantee deposits received			2,655	-		3,010	-	
25XX	Total non-current liabilities			198,167	4		196,527	4	
2XXX	Total liabilities			1,735,492	32		1,638,820	32	
Equity attributable to owners of parent									
Share capital									
3110	Common stock	6(17)(19)		1,461,535	27		1,471,535	28	
3200	Capital surplus	6(17)(18)		824,531	15		830,797	15	
	Retained earnings	6(17)(19)							
3310	Legal reserve			798,013	15		766,835	15	
3320	Special reserve			24,941	1		204,724	4	
3350	Unappropriated retained earnings			618,590	11		311,783	6	
3400	Other equity interest	6(6)(7)(20)	(28,741)	(1)	(24,941)	-
3500	Treasury stocks	6(17)		-	-	(	22,663)	-
3XXX	Total equity			3,698,869	68		3,538,070	68	
Contingent Liabilities and Commitments									
3X2X	Total liabilities and equity		\$	5,434,361	100	\$	5,176,890	100	

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

TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share data)

			Year ended December 31			
	Items	Notes	2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21) and 7	\$ 6,508,300	100	\$ 7,529,845	100
5000	Operating costs	6(5)(9)(16)(26)(27) and 7	(5,345,401)	(82)	(6,310,580)	(84)
5900	Net operating margin		<u>1,162,899</u>	<u>18</u>	<u>1,219,265</u>	<u>16</u>
	Operating expenses	6(9)(12)(16)(26)(27), 7 and 12				
6100	Selling expenses		(216,665)	(3)	(287,016)	(4)
6200	General and administrative expenses		(583,154)	(9)	(615,162)	(8)
6300	Research and development expenses		(74,671)	(1)	(75,981)	(1)
6450	Expected credit losses		(2,052)	-	(5,380)	-
6000	Total operating expenses		(876,542)	(13)	(983,539)	(13)
6900	Operating profit		<u>286,357</u>	<u>5</u>	<u>235,726</u>	<u>3</u>
	Non-operating income and expenses					
7100	Interest income	6(3)(22)	41,332	1	25,217	-
7010	Other income	6(10)(11)(23) and 7	15,740	-	32,269	1
7020	Other gains and losses	6(2)(3)(9)(11)(24)(26) and 12	18,951	-	61,858	1
7050	Finance costs	6(9)(25)	(16,538)	-	(20,689)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)				
			<u>14,376</u>	<u>-</u>	<u>12,919</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>73,861</u>	<u>1</u>	<u>111,574</u>	<u>2</u>
7900	Profit before income tax		<u>360,218</u>	<u>6</u>	<u>347,300</u>	<u>5</u>
7950	Income tax expense	6(28)	(48,749)	(1)	(46,268)	(1)
8200	Profit for the year		<u>\$ 311,469</u>	<u>5</u>	<u>\$ 301,032</u>	<u>4</u>
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial (losses) gains on defined benefit plans	6(16)	(\$ 927)	-	\$ 13,392	-
8316	Unrealized losses on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(6)(20)	(64)	-	(30)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for under equity method - will not be reclassified to profit or loss	6(7)(20)	5,247	-	6,105	-
8349	Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(28)	166	-	(2,769)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(20)	(8,796)	-	180,425	3
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method - will be reclassified to profit or loss	6(7)(20)	(142)	-	776	-
8300	Total other comprehensive (loss) income for the year		<u>(\$ 4,516)</u>	<u>-</u>	<u>\$ 197,899</u>	<u>3</u>
8500	Total comprehensive income for the year		<u>\$ 306,953</u>	<u>5</u>	<u>\$ 498,931</u>	<u>7</u>
	Income attributable to:					
8610	Owners of the parent		<u>\$ 311,469</u>	<u>5</u>	<u>\$ 301,032</u>	<u>4</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		<u>\$ 306,953</u>	<u>5</u>	<u>\$ 498,931</u>	<u>7</u>
	Earnings per share (in dollars)	6(29)				
9750	Basic		<u>\$ 2.13</u>		<u>\$ 2.06</u>	
9850	Diluted		<u>\$ 2.13</u>		<u>\$ 2.06</u>	

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

TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent								
		Retained Earnings					Other Equity Interest			
							Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total equity
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings				
<u>Year ended December 31, 2022</u>										
Balance at January 1, 2022		\$ 1,471,535	\$ 845,412	\$ 766,835	\$ 162,805	\$ 41,921	(\$ 208,039)	(\$ 4,052)	(\$ 22,663)	\$ 3,053,754
Net Income for the year ended December 31, 2022		-	-	-	-	301,032	-	-	-	301,032
Other comprehensive income for the year ended December 31, 2022	6(20)	-	-	-	-	10,749	181,201	5,949	-	197,899
Total comprehensive income for the year ended December 31, 2022		-	-	-	-	311,781	181,201	5,949	-	498,931
Distribution of 2021 net income:										
Special reserve		-	-	-	41,919	(41,919)	-	-	-	-
Cash distribution from capital surplus	6(18)	-	(14,615)	-	-	-	-	-	-	(14,615)
Balance at December 31, 2022		<u>\$ 1,471,535</u>	<u>\$ 830,797</u>	<u>\$ 766,835</u>	<u>\$ 204,724</u>	<u>\$ 311,783</u>	<u>(\$ 26,838)</u>	<u>\$ 1,897</u>	<u>(\$ 22,663)</u>	<u>\$ 3,538,070</u>
<u>Year ended December 31, 2023</u>										
Balance at January 1, 2023		<u>\$ 1,471,535</u>	<u>\$ 830,797</u>	<u>\$ 766,835</u>	<u>\$ 204,724</u>	<u>\$ 311,783</u>	<u>(\$ 26,838)</u>	<u>\$ 1,897</u>	<u>(\$ 22,663)</u>	<u>\$ 3,538,070</u>
Net Income for the year ended December 31, 2023		-	-	-	-	311,469	-	-	-	311,469
Other comprehensive income (loss) for the year ended December 31, 2023	6(20)	-	-	-	-	(716)	(8,938)	5,138	-	(4,516)
Total comprehensive income (loss) for the year ended December 31, 2023		-	-	-	-	310,753	(8,938)	5,138	-	306,953
Distribution of 2022 net income:										
Legal reserve		-	-	31,178	-	(31,178)	-	-	-	-
Special reserve		-	-	-	(179,783)	179,783	-	-	-	-
Cash dividends	6(19)	-	-	-	-	(146,154)	-	-	-	(146,154)
Retirement of treasury shares	6(17)	(10,000)	(6,266)	-	-	(6,397)	-	-	22,663	-
Balance at December 31, 2023		\$ 1,461,535	\$ 824,531	\$ 798,013	\$ 24,941	\$ 618,590	(\$ 35,776)	\$ 7,035	\$ -	\$ 3,698,869

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

TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 360,218	\$ 347,300
Adjustments			
Adjustments to reconcile profit (loss)			
Foreign currency exchange losses		779	4,006
Gain on financial assets and liabilities at fair value through profit or loss	6(24)	(224)	(32)
Impairment loss on financial assets at amortized cost - current	6(3)(24)	-	42,788
Loss on disposal of investments		115	-
Expected credit losses	12	2,052	5,380
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(14,376)	(12,919)
Reclassification of exchange loss arising from disposal of investments	6(20)(24)	-	4,658
Depreciation	6(8)(9)(11)(26)	133,367	137,083
(Gain) loss on disposal of property, plant and equipment	6(24)	(1,210)	27
Gain from lease modification	6(9)(24)	(53)	-
Loss on disposal of investment property	6(24)	-	3
Amortisation	6(12)(26)	9,235	8,483
Prepayment for equipment transferred to expense		17	-
Interest income	6(22)	(41,332)	(25,217)
Dividend income	6(23)	-	(12)
Interest expense	6(25)	16,538	20,689
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		891	(511)
Accounts receivable		(5,007)	(43,918)
Other receivables		(927)	7,237
Inventories		(132,388)	145,610
Prepayments		3,089	44,710
Changes in operating liabilities			
Contract liabilities - current		(137)	(3,748)
Notes payable		(565)	(5,638)
Accounts payable		195,832	(129,698)
Other payables		(17,487)	27,553
Advance receipts		(378)	(197)
Net defined benefit liabilities - non-current		17,771	15,588
Cash inflow generated from operations		525,820	589,225
Interest received		39,594	25,576
Dividends received		6,506	7,384
Income tax received		8,210	-
Interest paid		(16,649)	(20,438)
Income tax paid		(38,774)	(14,236)
Net cash flows from operating activities		524,707	587,511

(Continued)

TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Increase) decrease in financial assets at amortised cost		(\$ 198,144)	\$ 2,115
Decrease in other receivables		7,533	9,369
Decrease in financial assets at fair value through profit or loss - non-current		14	-
Proceeds from liquidation of investments accounted for using equity method	6(7)	-	10,019
Cash paid for acquisition of property plant and equipment	6(30)	(39,158)	(49,300)
Proceeds from disposal of property, plant and equipment		3,575	1,386
Acquisition of right-of-use asset		(36,113)	(5,209)
Cash paid for acquisition of investment property	6(30)	(1,254)	(3,973)
Cash paid for acquisition of intangible assets	6(30)	(5,208)	(4,081)
Increase in prepayments for equipment		(48,679)	(13,439)
Decrease (increase) in guarantee deposits paid		593	(2,298)
Decrease in other non-current assets		2,319	3,382
Net cash flows used in investing activities		(314,522)	(52,029)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(31)	595,963	683,382
Repayments of short-term borrowings	6(31)	(688,805)	(968,927)
Decrease in short-term notes and bills payable	6(31)	-	(150,000)
Payments of lease liabilities	6(31)	(30,492)	(28,806)
Decrease in guarantee deposit received	6(31)	(355)	(4,693)
Cash distribution from capital surplus	6(18)	-	(14,615)
Payment of cash dividends	6(19)	(146,154)	-
Net cash flows used in financing activities		(269,843)	(483,659)
Effect of foreign exchange rate changes on cash		(3,931)	66,039
Net (decrease) increase in cash and cash equivalents		(63,589)	117,862
Cash and cash equivalents at beginning of year	6(1)	798,957	681,095
Cash and cash equivalents at end of year	6(1)	\$ 735,368	\$ 798,957

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

TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

- (1) Tainan Enterprises Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other relevant laws and regulations in August 1961. The Company and its subsidiaries (the “Group”) are primarily engaged in manufacturing, retail and export of various kinds of apparels (including woven and knitted garments).
- (2) As of December 31, 2023, the Group has 12,708 employees.
- (3) The common shares of the Company had been listed on the Taipei Exchange since April 1999, and has been transferred to be listed on the Taiwan Stock Exchange since September 2000.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 7, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (“IASB”)
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit assets (liabilities) recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, 'Critical accounting judgements, estimates and key sources of assumption uncertainty'.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiaries	Main business activities	Ownership (%)		Note
			December 31, 2023	December 31, 2022	
Tainan Enterprises Co., Ltd.	Tainan Enterprise (BVI) Co., Limited	Professional investments	100.00	100.00	—
Tainan Enterprises Co., Ltd.	P.T.Tainan Enterprises Indonesia	Garment processing, production and selling	100.00	100.00	—
Tainan Enterprises Co., Ltd.	PT. Andalan Mandiri Busana	Garment processing, production and selling	100.00	100.00	—
Tainan Enterprises Co., Ltd.	Tainan Enterprises (Cambodia) Co., Ltd.	Garment processing, production and selling	100.00	100.00	—
Tainan Enterprises Co., Ltd.	Tainan Enterprises (Vietnam) Co., Ltd.	Garment processing, production and selling	100.00	100.00	—
Tainan Enterprises Co., Ltd.	Beyoung Fashion Co., Ltd.	Garment processing, production and selling	100.00	100.00	—
Tainan Enterprises Co., Ltd.	PT CAHAYA INDAH GLOBAL	Garment processing, production and selling	100.00	—	(Note 1)
Tainan Enterprise (BVI) Co., Limited	Yixing Gaoqing Garments Co., Ltd.	Garment processing, production and selling	100.00	100.00	—

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2023	Ownership (%) December 31, 2022	Note
Tainan Enterprise (BVI) Co., Limited	Zhoukou Tainan Garment Co., Ltd.	Garment processing, production and selling	100.00	100.00	(Note 2)
Tainan Enterprise (BVI) Co., Limited	T&G Fashion Co., Ltd.	Professional investments	100.00	100.00	—
T&G Fashion Co., Ltd.	Gin-Sovann Fashion (Cambodia) Limited.	Garment processing, production and selling	100.00	100.00	—
T&G Fashion Co., Ltd.	Camitex II (Cambodia) MFG Co., Ltd.	Garment processing, production and selling	100.00	100.00	(Note 2)
T&G Fashion Co., Ltd.	Golden Harbor Garment (Cambodia) Limited.	Garment processing, production and selling	100.00	100.00	(Note 2)

(Note 1) A new company established in the first quarter of 2023.

(Note 2) The subsidiary has ceased its business operations and is in the process of liquidation.

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

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries with non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within “Other gains and losses”.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;

- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. 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 equivalents

- A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated costs necessary to make the sale. If the cost exceeds net realizable value, valuation loss is accrued and recognized in operating costs. If the net realizable value reserves, valuation is eliminated within credit balance and is recognized as deduction of operating costs.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(12) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(13) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(14) Leasing arrangements (lessor) — operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(15) Investments accounted for under equity method - associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then "Capital surplus" and "Investments accounted for under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Except for land, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

<u>Assets</u>	<u>Useful lives</u>
Buildings (including accessory equipment)	5 ~ 55 years
Machinery equipment	2 ~ 10 years
Utilities equipment	2 ~ 15 years
Transportation equipment	3 ~ 10 years
Office equipment	2 ~ 5 years
Leasehold assets	5 ~ 9 years
Other equipment	5 years

(17) Leasing arrangements (lessee) — right-of-use assets / lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate or the interest rate of government bonds of the country to which each subsidiary belongs. Lease payments are fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments

and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee; and

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognize the difference in profit or loss.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 18 ~ 55 years.

(19) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 2 ~ 5 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(20) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(21) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(22) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(24) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(25) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The Group uses interest rates of government bonds (at the balance sheet date).

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings of the Company and its domestic subsidiaries and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(27) Share capital

- A. Ordinary shares are classified as equity.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

A. Sale of goods

- (a) Sales are recognized when control of the products has transferred, being when the products are delivered to the client, the client has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the client's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the client, and either the client has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

The Group provides processing and business consulting services. Revenue from delivering services is recognized under the percentage-of-completion method when the outcome of services provided can be estimated reliably. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognized only to the extent that contract costs incurred are likely to be recoverable.

(30) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Financial assets — fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Group that are not traded in an active market is determined considering those companies' financial information, operational planning or prediction of future application. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the financial instruments fair value information.

B. As of December 31, 2023, the carrying amount of unlisted stocks without active market was \$86,825.

6. DETAILS OF MATERIAL ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash:		
Cash on hand	\$ 2, 082	\$ 1, 760
Checking accounts and demand deposits	<u>456, 109</u>	<u>490, 404</u>
	<u>458, 191</u>	<u>492, 164</u>
Cash equivalents:		
Time deposits	<u>277, 177</u>	<u>306, 793</u>
	<u>\$ 735, 368</u>	<u>\$ 798, 957</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others as of December 31, 2023 and 2022.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivative — forward exchange contracts	\$ <u>256</u>	\$ <u>32</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ <u>86,825</u>	\$ <u>86,954</u>

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	For the years ended December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss	\$ <u>539</u>	\$ <u>44</u>

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2023	
	Contract amount (notional principal in thousands)	Contract period
Derivative instruments		
Forward foreign exchange contracts	USD 1,000	Dec., 2023 ~ Jan., 2024
	December 31, 2022	
	Contract amount (notional principal in thousands)	Contract period
Derivative instruments		
Forward foreign exchange contracts	USD 900	Dec., 2022 ~ Feb., 2023

The Group entered into forward foreign exchange contracts to hedge exchange rate risk from operating activities. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others as of December 31, 2023 and 2022.

(3) Financial assets at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Bonds	\$ 138,145	\$ 117,576
Less: Accumulated impairment	(51,831)	(51,831)
	<u>\$ 86,314</u>	<u>\$ 65,745</u>
Non-current items:		
Bonds	<u>\$ 494,292</u>	<u>\$ 320,144</u>

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income	\$ 18,319	\$ 16,402
Impairment loss (Note)	–	(42,788)
	<u>\$ 18,319</u>	<u>(\$ 26,386)</u>

(Note) Due to the outbreak of armed conflict between Russia and Ukraine on February 24, 2022, several countries imposed economic sanctions on Russia. It is assessed that the restrictions imposed by such economic sanctions on the Russia's fluctuation of currency exchange rates and financial regulations would result in a significant increase in the credit risk of the investments in bonds issued by Russia which are held by the Group. Therefore, the impairment loss of \$42,788 was fully recognized on certain bonds held by the Group for the year ended December 31, 2022.

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was approximately equal to its carrying amounts.

C. The Group has no financial assets at amortized cost pledged to others as of December 31, 2023 and 2022.

D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2), 'Financial instruments'.

(4) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	<u>\$ –</u>	<u>\$ 891</u>
Accounts receivable	\$ 1,195,268	\$ 1,190,457
Less: Allowance for uncollectible accounts	(8,604)	(6,748)
	<u>\$ 1,186,664</u>	<u>\$ 1,183,709</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ –	\$ 1,174,588	\$ 891	\$ 1,189,506
Up to 30 days	–	13,187	–	76
31 to 90 days	–	7,493	–	58
Over 91 days	–	–	–	817
	<u>\$ –</u>	<u>\$ 1,195,268</u>	<u>\$ 891</u>	<u>\$ 1,190,457</u>

The above aging analysis was based on past due date.

B. As of December 31, 2023 and 2022, notes and receivable accounts were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$1,149,861.

C. The Group has no notes and accounts receivable pledged to other as of December 31, 2023 and 2022.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were approximately equal to its carrying amounts.

E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 499,199	\$ –	\$ 499,199
Work in progress	700,833	–	700,833
Finished goods	3,611	–	3,611
	<u>\$ 1,203,643</u>	<u>\$ –</u>	<u>\$ 1,203,643</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 289,583	\$ –	\$ 289,583
Work in progress	734,760	–	734,760
Finished goods	46,912	–	46,912
	<u>\$ 1,071,255</u>	<u>\$ –</u>	<u>\$ 1,071,255</u>

The cost of inventories recognized as expense:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	\$ 5,367,997	\$ 6,337,641
Income from sale of scraps	(22,596)	(27,061)
	<u>\$ 5,345,401</u>	<u>\$ 6,310,580</u>

(6) Financial assets at fair value through other comprehensive income - non-current

Items	December 31, 2023	December 31, 2022
Equity instruments		
Listed stocks	\$ 1,452	\$ 1,452
Valuation adjustment	(907)	(843)
	<u>\$ 545</u>	<u>\$ 609</u>

- A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$545 and \$609 as of December 31, 2023 and 2022, respectively.
- B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2023	2022
Fair value changes	<u>(\$ 64)</u>	<u>(\$ 30)</u>

- C. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was equal to its book value.
- D. The Group has no financial assets at fair value through other comprehensive income pledged to others as of December 31, 2023 and 2022.
- E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2), 'Financial instruments'.

(7) Investments accounted for using equity method

A. Movements of investments accounted for under equity method:

	For the years ended December 31,	
	2023	2022
At January 1	\$ 73,644	\$ 71,235
Share of profit of associates and joint ventures accounted for under equity method	14,376	12,919
Proceeds from liquidation of investments accounted for under equity method	–	(10,019)
Earnings distribution of investments accounted for under equity method	(6,506)	(7,372)
Changes in other equity items - unrealized gains on financial assets at fair value through other comprehensive income	5,202	5,979
Changes in other equity items - changes in actuarial benefits of defined benefit plans	45	126
Changes in other equity items - exchange differences on translation of foreign financial statements	(142)	776
At December 31	<u>\$ 86,619</u>	<u>\$ 73,644</u>

B. Details of investments accounted for under equity method are as follows:

	December 31, 2023	December 31, 2022
Associates	<u>\$ 86,619</u>	<u>\$ 73,644</u>

C. Joint venture

The Group's joint venture, New Premium Enterprise Co., Ltd., was liquidated and dissolved during the third quarter of 2022. Consequently, the remaining capital amounting to \$10,019 was returned to the Company after the completion of the liquidation procedures.

D. Associates

(a) The basic information of the associate that is material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2023	December 31, 2022		
Tainan Enterprise (Cayman) Co., Limited.	Taiwan (Note)	13.39%	13.39%	Strategic investment	Equity method

(Note) The country of registration is Cayman Islands.

- (b) The summarised financial information of the associate that is material to the Group is as follows:

Balance sheet

	<u>Tainan Enterprise (Cayman) Co., Limited and subsidiaries</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 898,552	\$ 1,004,515
Non-current assets	954,028	547,523
Current liabilities	(785,556)	(800,341)
Non-current liabilities	(334,345)	(117,804)
Non-controlling interest	(85,999)	(83,904)
Total net assets	<u>\$ 646,680</u>	<u>\$ 549,989</u>
Share in associate's net assets	<u>\$ 86,619</u>	<u>\$ 73,644</u>
Carrying amount of the associate	<u>\$ 86,619</u>	<u>\$ 73,644</u>

Statement of comprehensive income

	<u>Tainan Enterprise (Cayman) Co., Limited and subsidiaries</u>	
	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Revenue	<u>\$ 2,135,188</u>	<u>\$ 1,938,902</u>
Profit after income tax	\$ 111,949	\$ 110,059
Other comprehensive income, net of tax	<u>38,143</u>	<u>37,852</u>
Total comprehensive income	<u>\$ 150,092</u>	<u>\$ 147,911</u>
Dividends received from associate (Note)	<u>\$ 7,806</u>	<u>\$ 7,372</u>

(Note) Including cash dividends and stock dividends.

- (c) The Group's material associate, Tainan Enterprise (Cayman) Co., Limited, has quoted market price of \$287,650 (\$64.40 (in dollars) per share) and \$131,180 (\$30.25 (in dollars) per share) as of December 31, 2023 and 2022, respectively.
- E. The Group has no investments accounted for under equity method pledged to others as of December 31, 2023 and 2022.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation and office equipment	Leasehold assets	Others	Construction in progress	Total
<u>January 1, 2023</u>									
Cost	\$ 312,675	\$1,016,978	\$ 666,041	\$ 177,048	\$ 165,955	\$ 34,127	\$ 18,387	\$ -	\$2,391,211
Accumulated depreciation	-	(524,773)	(517,895)	(121,368)	(142,249)	(15,439)	(16,217)	-	(1,337,941)
	<u>\$ 312,675</u>	<u>\$ 492,205</u>	<u>\$ 148,146</u>	<u>\$ 55,680</u>	<u>\$ 23,706</u>	<u>\$ 18,688</u>	<u>\$ 2,170</u>	<u>\$ -</u>	<u>\$1,053,270</u>
<u>For the year ended December 31, 2023</u>									
At January 1	\$ 312,675	\$ 492,205	\$ 148,146	\$ 55,680	\$ 23,706	\$ 18,688	\$ 2,170	\$ -	\$1,053,270
Additions	-	743	24,094	1,128	13,780	-	323	1,094	41,162
Transferred from prepayment for equipment	-	-	-	-	2,970	-	-	-	2,970
Transferred from prepayment	-	-	-	-	210	-	-	-	210
Depreciation	-	(31,107)	(38,242)	(10,027)	(11,024)	(4,555)	(141)	-	(95,096)
Disposals - cost	-	(52)	(29,981)	(614)	(17,162)	-	(745)	-	(48,554)
- accumulated depreciation	-	52	28,752	429	16,286	-	670	-	46,189
Net currency exchange differences	-	33	(17)	130	(20)	66	(48)	(16)	128
At December 31	<u>\$ 312,675</u>	<u>\$ 461,874</u>	<u>\$ 132,752</u>	<u>\$ 46,726</u>	<u>\$ 28,746</u>	<u>\$ 14,199</u>	<u>\$ 2,229</u>	<u>\$ 1,078</u>	<u>\$1,000,279</u>
<u>December 31, 2023</u>									
Cost	\$ 312,675	\$1,015,629	\$ 659,045	\$ 177,549	\$ 165,292	\$ 34,127	\$ 17,580	\$ 1,078	\$2,382,975
Accumulated depreciation	-	(553,755)	(526,293)	(130,823)	(136,546)	(19,928)	(15,351)	-	(1,382,696)
	<u>\$ 312,675</u>	<u>\$ 461,874</u>	<u>\$ 132,752</u>	<u>\$ 46,726</u>	<u>\$ 28,746</u>	<u>\$ 14,199</u>	<u>\$ 2,229</u>	<u>\$ 1,078</u>	<u>\$1,000,279</u>

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation and office equipment	Leasehold assets	Others	Construction in progress	Total
<u>January 1, 2022</u>									
Cost	\$ 307,376	\$ 972,326	\$ 608,983	\$ 160,175	\$ 157,395	\$ 30,760	\$ 18,054	\$ 252	\$2,255,321
Accumulated depreciation	<u>–</u>	<u>(492,380)</u>	<u>(468,865)</u>	<u>(99,694)</u>	<u>(128,353)</u>	<u>(9,870)</u>	<u>(15,984)</u>	<u>–</u>	<u>(1,215,146)</u>
	<u>\$ 307,376</u>	<u>\$ 479,946</u>	<u>\$ 140,118</u>	<u>\$ 60,481</u>	<u>\$ 29,042</u>	<u>\$ 20,890</u>	<u>\$ 2,070</u>	<u>\$ 252</u>	<u>\$1,040,175</u>
<u>For the year ended December 31, 2022</u>									
At January 1	\$ 307,376	\$ 479,946	\$ 140,118	\$ 60,481	\$ 29,042	\$ 20,890	\$ 2,070	\$ 252	\$1,040,175
Additions	–	4,213	38,253	181	5,648	–	305	–	48,600
Reclassifications - cost	–	–	252	–	–	–	–	(252)	–
Depreciation	–	(30,148)	(43,271)	(11,259)	(11,779)	(4,357)	(165)	–	(100,979)
Disposals - cost	–	(22,826)	(38,704)	(714)	(7,893)	–	(274)	–	(70,411)
- accumulated depreciation	–	22,822	38,117	714	7,146	–	199	–	68,998
Net currency exchange differences	5,299	38,198	13,381	6,277	1,542	2,155	35	–	66,887
At December 31	<u>\$ 312,675</u>	<u>\$ 492,205</u>	<u>\$ 148,146</u>	<u>\$ 55,680</u>	<u>\$ 23,706</u>	<u>\$ 18,688</u>	<u>\$ 2,170</u>	<u>\$ –</u>	<u>\$1,053,270</u>
<u>December 31, 2022</u>									
Cost	\$ 312,675	\$1,016,978	\$ 666,041	\$ 177,048	\$ 165,955	\$ 34,127	\$ 18,387	\$ –	\$2,391,211
Accumulated depreciation	<u>–</u>	<u>(524,773)</u>	<u>(517,895)</u>	<u>(121,368)</u>	<u>(142,249)</u>	<u>(15,439)</u>	<u>(16,217)</u>	<u>–</u>	<u>(1,337,941)</u>
	<u>\$ 312,675</u>	<u>\$ 492,205</u>	<u>\$ 148,146</u>	<u>\$ 55,680</u>	<u>\$ 23,706</u>	<u>\$ 18,688</u>	<u>\$ 2,170</u>	<u>\$ –</u>	<u>\$1,053,270</u>

- A. As restricted by the local regulations of Cambodia, the ownership of the Group's land located in Cambodia had been registered under the name of Kao-Chhin Co., Ltd. In addition, the Group used the contract of borrowing other's name for real estate registration to clearly define the rights and obligations of both parties. The Group is the actual owner of the land.
- B. The Group's property, plant and equipment are all occupied by the owner for operating purpose as of December 31, 2023 and 2022.
- C. The Group has not capitalized any interest for the years ended December 31, 2023 and 2022.
- D. The Group has no property, plant and equipment pledged to others as of December 31, 2023 and 2022.

(9) Leasing arrangements — lessee

- A. The Group's leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise partial factories and office. Low-value assets comprise multi-function printer.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	\$ 43,846	\$ 58,089
Buildings	70,882	52,163
	<u>\$ 114,728</u>	<u>\$ 110,252</u>

	For the years ended December 31,	For the years ended December 31,
	2023	2023
	Depreciation charge	Depreciation charge
Land	\$ 17,063	\$ 15,208
Buildings	19,033	18,885
	<u>\$ 36,096</u>	<u>\$ 34,093</u>

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$41,192 and \$14,349, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	For the years ended December 31,	For the years ended December 31,
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,101	\$ 3,887
Expense on short-term lease contracts	2,609	4,241
Gain on lease modification	(53)	–

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$36,286 and \$42,130, respectively.

(10) Leasing arrangements – lessor

A. The Group leases various assets including investment property. Rental contracts are typically made for periods of 1 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. For the years ended December 31, 2023 and 2022, the Group recognized rent income in the amounts of \$2,559 and \$2,663, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Under 1 year	\$ 1, 555	\$ 2, 228
1 ~ 5 years	5, 765	480
Over 5 years	<u>241</u>	<u>361</u>
	<u>\$ 7, 561</u>	<u>\$ 3, 069</u>

(11) Investment property-net

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>January 1, 2023</u>			
Cost	\$ 95,130	\$ 72,528	\$ 167,658
Accumulated depreciation	<u>—</u>	<u>(30,215)</u>	<u>(30,215)</u>
	<u>\$ 95,130</u>	<u>\$ 42,313</u>	<u>\$ 137,443</u>
<u>For the year ended December 31, 2023</u>			
At January 1	\$ 95,130	\$ 42,313	\$ 137,443
Additions	—	1,666	1,666
Depreciation	<u>—</u>	<u>(2,175)</u>	<u>(2,175)</u>
At December 31	<u>\$ 95,130</u>	<u>\$ 41,804</u>	<u>\$ 136,934</u>
<u>December 31, 2023</u>			
Cost	\$ 95,130	\$ 74,194	\$ 169,324
Accumulated depreciation	<u>—</u>	<u>(32,390)</u>	<u>(32,390)</u>
	<u>\$ 95,130</u>	<u>\$ 41,804</u>	<u>\$ 136,934</u>

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>January 1, 2022</u>			
Cost	\$ 95,130	\$ 69,628	\$ 164,758
Accumulated depreciation	—	(30,125)	(30,125)
	<u>\$ 95,130</u>	<u>\$ 39,503</u>	<u>\$ 134,633</u>
<u>For the year ended December 31, 2022</u>			
At January 1	\$ 95,130	\$ 39,503	\$ 134,633
Additions	—	4,227	4,227
Transferred from prepayments for equipment	—	597	597
Depreciation	—	(2,011)	(2,011)
Disposals - cost	—	(1,924)	(1,924)
- accumulated depreciation	—	1,921	1,921
At December 31	<u>\$ 95,130</u>	<u>\$ 42,313</u>	<u>\$ 137,443</u>
<u>December 31, 2022</u>			
Cost	\$ 95,130	\$ 72,528	\$ 167,658
Accumulated depreciation	—	(30,215)	(30,215)
	<u>\$ 95,130</u>	<u>\$ 42,313</u>	<u>\$ 137,443</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Rental income from investment property (listed as “Other income”)	<u>\$ 2,487</u>	<u>\$ 2,591</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 2,175</u>	<u>\$ 2,011</u>

B. The fair value of the investment property held by the Group as of December 31, 2023 and 2022 was \$472,473 and \$412,147, respectively. Valuations were made based on most recent transaction prices of similar and comparable properties and official price, which

is categorised within Level 2 in the fair value hierarchy.

C. The Group has not capitalized any borrowing costs as part of investment property for the years ended December 31, 2023 and 2022.

D. The Group has no investment property pledged to others as of December 31, 2023 and 2022.

(12) Intangible assets

	<u>Software</u>	<u>Goodwill</u>	<u>Total</u>
<u>January 1, 2023</u>			
Cost	\$ 35,210	\$ 82,151	\$ 117,361
Accumulated amortisation	(22,156)	–	(22,156)
Accumulated impairment	–	(78,081)	(78,081)
Net currency exchange differences	–	(4,070)	(4,070)
	<u>\$ 13,054</u>	<u>\$ –</u>	<u>\$ 13,054</u>
<u>For the year ended December 31, 2023</u>			
At January 1	\$ 13,054	\$ –	\$ 13,054
Additions – acquired separately	4,575	–	4,575
Transferred from			
prepayments for equipment	1,639	–	1,639
Amortisation	(9,235)	–	(9,235)
Disposals - cost	(10,150)	–	(10,150)
- accumulated amortisation	10,150	–	10,150
At December 31	<u>\$ 10,033</u>	<u>\$ –</u>	<u>\$ 10,033</u>
<u>December 31, 2023</u>			
Cost	\$ 31,274	\$ 82,151	\$ 113,425
Accumulated amortisation	(21,241)	–	(21,241)
Accumulated impairment	–	(78,081)	(78,081)
Net currency exchange differences	–	(4,070)	(4,070)
	<u>\$ 10,033</u>	<u>\$ –</u>	<u>\$ 10,033</u>

	Software	Goodwill	Total
<u>January 1, 2022</u>			
Cost	\$ 32,204	\$ 82,151	\$ 114,355
Accumulated amortisation	(16,311)	–	(16,311)
Accumulated impairment	–	(78,081)	(78,081)
Net currency exchange differences	–	(4,070)	(4,070)
	<u>\$ 15,893</u>	<u>\$ –</u>	<u>\$ 15,893</u>
<u>For the year ended December 31, 2022</u>			
At January 1	\$ 15,893	\$ –	\$ 15,893
Additions—acquired separately	4,714	–	4,714
Transferred from			
prepayments for equipment	930	–	930
Amortisation	(8,483)	–	(8,483)
Disposals - cost	(2,638)	–	(2,638)
- accumulated amortisation	2,638	–	2,638
At December 31	<u>\$ 13,054</u>	<u>\$ –</u>	<u>\$ 13,054</u>
<u>December 31, 2022</u>			
Cost	\$ 35,210	\$ 82,151	\$ 117,361
Accumulated amortisation	(22,156)	–	(22,156)
Accumulated impairment	–	(78,081)	(78,081)
Net currency exchange differences	–	(4,070)	(4,070)
	<u>\$ 13,054</u>	<u>\$ –</u>	<u>\$ 13,054</u>

A. The Group has not capitalized any borrowing costs as part of intangible assets for the years ended December 31, 2023 and 2022.

B. Details of amortization on intangible assets are as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Operating expenses	<u>\$ 9,235</u>	<u>\$ 8,483</u>

C. The Group has no intangible assets pledged to others as of December 31, 2023 and 2022.

D. The details of the Group's accumulated impairment loss on goodwill are provided in Note 6(13), 'Impairment of non-financial assets'.

(13) Impairment of non-financial assets

A. No impairment loss was recognized for the years ended December 31, 2023 and 2022.

B. The accumulated impairment which the Group recognized on goodwill (listed as “Intangible assets”) as of December 31, 2023 and 2022 was \$78,081 for both years.

(14) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured bank borrowings	<u>\$ 609,000</u>	1.56%~2.05%	None
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured bank borrowings	<u>\$ 700,809</u>	1.39%~6.08%	None

Refer to Note 6(25), ‘Finance costs’ for more information about interest expense recognized by the Group for the years ended December 31, 2023 and 2022.

(15) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accrued salaries and bonuses	\$ 274,285	\$ 277,137
Accrued processing fee	40,163	40,698
Accrued pension expense	29,487	29,429
Tax payables	23,785	22,281
Accrued freight	11,816	11,656
Employees’ compensation and directors’ remuneration payable	10,600	10,600
Accrued labor insurance and health insurance fee	10,597	10,264
Import/export (customs) expense payable	8,862	8,144
Payables for equipment	4,506	2,723
(including intangible assets)		
Others	<u>25,066</u>	<u>42,050</u>
	<u>\$ 439,167</u>	<u>\$ 454,982</u>

(16) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards

Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 7.5% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

The information on the Company and its subsidiaries — P.T. Tainan Enterprise Indonesia and PT. Andalan Mandiri Busana's defined benefit pension plan is as follows:

(a) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 203, 210)	(\$ 180, 944)
Fair value of plan assets	<u>77, 479</u>	<u>75, 418</u>
	<u>(\$ 125, 731)</u>	<u>(\$ 105, 526)</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Net defined benefit assets, non-current	\$ 3, 156	\$ 3, 158
Net defined benefit liabilities, non-current	<u>(128, 887)</u>	<u>(108, 684)</u>
	<u>(\$ 125, 731)</u>	<u>(\$ 105, 526)</u>

(b) Movements in net defined benefit assets and liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1, 2023	(\$ 180,944)	\$ 75,418	(\$ 105,526)
Current service cost	(31,063)	–	(31,063)
Interest (expense) income	(8,519)	980	(7,539)
Past service cost	<u>9,375</u>	<u>–</u>	<u>9,375</u>
	(211,151)	<u>76,398</u>	(134,753)
Remeasurements:			
Return on plan assets	–	328	328
Change in financial assumptions	(475)	–	(475)
Experience adjustments	(780)	–	(780)
	<u>(1,255)</u>	<u>328</u>	<u>(927)</u>
Pension fund contribution	<u>–</u>	<u>10,648</u>	<u>10,648</u>
Paid pension	<u>10,703</u>	(9,895)	<u>808</u>
Exchange difference	(1,507)	–	(1,507)
At December 31, 2023	<u>(\$ 203,210)</u>	<u>\$ 77,479</u>	<u>(\$ 125,731)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1, 2022	(\$ 175, 099)	\$ 71, 948	(\$ 103, 151)
Current service cost	(35, 177)	–	(35, 177)
Interest (expense) income	(7, 125)	504	(6, 621)
Past service cost	18, 226	–	18, 226
	<u>(199, 175)</u>	<u>72, 452</u>	<u>(126, 723)</u>
Remeasurements:			
Return on plan assets	–	6, 045	6, 045
Change in financial assumptions	3, 151	–	3, 151
Experience adjustments	4, 196	–	4, 196
	<u>7, 347</u>	<u>6, 045</u>	<u>13, 392</u>
Pension fund contribution	–	7, 984	7, 984
Paid pension	11, 063	(11, 063)	–
Exchange difference	(179)	–	(179)
At December 31, 2022	<u>(\$ 180, 944)</u>	<u>\$ 75, 418</u>	<u>(\$ 105, 526)</u>

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to

participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2023	2022
Discount rate	1.20%~6.89%	1.30%~7.40%
Future salary increases	3.00%~8.00%	3.00%~8.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience according to Taiwan Life Insurance Industry 6th Mortality Table for the years ended December 31, 2023 and 2022.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25% ~ 1%	0.25% ~ 1%	0.25% ~ 1%	0.25% ~ 1%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ <u>9,707</u>)	<u>\$ 10,832</u>	<u>\$ 9,902</u>	(\$ <u>9,055</u>)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ <u>8,452</u>)	<u>\$ 18,150</u>	<u>\$ 16,920</u>	(\$ <u>7,496</u>)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plans of the Group for 2024 amount to \$8,539.

(f) As of December 31, 2023, the weighted average duration of the retirement plan is 7 years.

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of

the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The subsidiaries in Vietnam, Cambodia, and mainland China set aside pension reserves based on the regulations of the local governments sponsored defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the local governments are based on 7% ~ 16% of employees' monthly salaries and wages. The pension of each employee is managed and arranged by the government; other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$65,481 and \$62,571, respectively.

(17) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows:

(Unit: in thousand shares):

	For the years ended December 31,	
	2023	2022
Beginning and ending balance	146,154	146,154

B. As of December 31, 2023, the Company's authorized capital was \$2,000,000 (including \$100,000 thousand shares reserved for employee stock options) and the paid-in capital was \$1,461,535, consisting of 146,154 thousand shares of ordinary stock with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Reason for reacquisition	For the year ended December 31, 2023			Ending balance
	Beginning balance	Additions	Decrease	
To be reissued to employees	1,000	—	(1,000)	—

Reason for reacquisition	For the year ended December 31, 2022			
	Beginning balance	Additions	Decrease	Ending balance
To be reissued to employees	<u>1, 000</u>	<u>–</u>	<u>–</u>	<u>1, 000</u>

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. The balance of the treasury shares after reacquisition and reissue to employees of the Company as at December 31, 2023 and 2022 was \$— and \$22,663, respectively.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired.

D. On November 8, 2022, the Board of Directors of the Company resolved to retire treasury shares in the amount of 1,000 thousand shares, and the effective date for the capital reduction was set on May 22, 2023. The registration for the change was completed on June 5, 2023, and the retired treasury shares amounted to \$22,663. When the Company retired treasury shares, the Company debited common stock and capital surplus based on shareholding ratio amounting to \$10,000 and \$6,266, respectively, and the insufficient balance of \$6,397 was written off against retained earnings.

(18) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year.

Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Movements of the Company's capital surplus for the years ended December 31, 2023 and 2022 are as follows:

For the year ended December 31, 2023	Share premium	Difference between the acquisition or disposal price and carrying amount of subsidiaries	Changes in ownership interests in subsidiaries	Change in equity of associates and joint ventures accounted for under the equity method	Expired employee stock options	Others	Total
At January 1	\$ 741, 449	\$ 20, 166	\$ 46, 042	\$ 12, 809	\$ 1, 257	\$ 9, 074	\$ 830, 797
Retirement of treasury shares	(5, 014)	—	—	—	(1, 252)	—	(6, 266)
At December 31	<u>\$ 736, 435</u>	<u>\$ 20, 166</u>	<u>\$ 46, 042</u>	<u>\$ 12, 809</u>	<u>\$ 5</u>	<u>\$ 9, 074</u>	<u>\$ 824, 531</u>

For the year ended December 31, 2022	Share premium	Difference between the acquisition or disposal price and carrying amount of subsidiaries	Changes in ownership interests in subsidiaries	Change in equity of associates and joint ventures accounted for under the equity method	Expired employee stock options	Others	Total
At January 1	\$ 756, 064	\$ 20, 166	\$ 46, 042	\$ 12, 809	\$ 1, 257	\$ 9, 074	\$ 845, 412
Cash distribution from capital surplus	(14, 615)	—	—	—	—	—	(14, 615)
At December 31	<u>\$ 741, 449</u>	<u>\$ 20, 166</u>	<u>\$ 46, 042</u>	<u>\$ 12, 809</u>	<u>\$ 1, 257</u>	<u>\$ 9, 074</u>	<u>\$ 830, 797</u>

C. Information on the capital surplus written-off due to the retirement of treasury stocks is provided in Note 6(17), 'Share Capital'.

D. The Company recognized the cash disbursement from capital surplus of \$14,615 (\$0.1 (in dollars) per share) in 2022.

(19) Retained earnings

- A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations. The remainder, if any, shall be the current distributable earnings. The current distributable earnings along with the unappropriated earnings in the prior year shall be the accumulated distributable earnings which shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders. The Company's dividend policy shall take into account current and future development plan, investment environment, capital needs, domestic and foreign competition, and capital budget, etc. along with shareholders' interests. Each year, at least 30% of the current distributable earnings shall be appropriated as dividends. The dividends can be distributed in the form of cash or shares and cash dividends shall account for at least 10% of the total dividends distributed.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. For the years ended December 31, 2023 and 2022, the Company recognized cash dividends distributed to owners amounting to \$146,154, at \$1 (in dollars) per share and \$—, respectively. On March 7, 2024, the Board of Directors proposed for the distribution of cash dividends from 2023 earnings in the amount of \$175,384, at \$1.2 (in dollar) per

share.

E. Information on the retained earnings written-off due to the retirement of treasury stocks is provided in Note 6(17), 'Share Capital'.

(20) Other equity items

	Currency translation difference	Financial assets at fair value through other comprehensive income	Total
<u>For the year ended December 31, 2023</u>			
At January 1	(\$ 26,838)	\$ 1,897	(\$ 24,941)
Currency translation differences:			
–The Company	(8,796)	–	(8,796)
–Associates	(142)	–	(142)
Unrealized valuation gains and losses on financial assets at fair value through other comprehensive income			
–The Company	–	(64)	(64)
–Associates	–	5,202	5,202
At December 31	<u>(\$ 35,776)</u>	<u>\$ 7,035</u>	<u>(\$ 28,741)</u>

	Currency translation difference	Financial assets at fair value through other comprehensive income	Total
<u>For the year ended December 31, 2022</u>			
At January 1	(\$ 208,039)	(\$ 4,052)	(\$ 212,091)
Currency translation differences:			
–The Company	175,767	–	175,767
–Associates and joint ventures	776	–	776
Currency translation differences reclassified as gains or losses on disposals of investments due to the completion of liquidation of joint ventures	4,658	–	4,658
Unrealized valuation gains and losses on financial assets at fair value through other comprehensive income			
–The Company	–	(30)	(30)
–Associates and joint ventures	–	5,979	5,979
At December 31	<u>(\$ 26,838)</u>	<u>\$ 1,897</u>	<u>(\$ 24,941)</u>

(21) Operating revenue

A. The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines. Revenue is mainly from various garment products and related business consulting. Refer to Note 14, ‘SEGMENT INFORMATION’.

		For the years ended December 31,	
		2023	2022
Timing of revenue recognition			
At a point in time			
Sales revenue	\$	6,500,821	\$ 7,528,753
Over time			
Service revenue		7,479	1,092
	\$	<u>6,508,300</u>	<u>\$ 7,529,845</u>

B. The Group has recognized the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities - current	<u>\$ 4,891</u>	<u>\$ 5,028</u>	<u>\$ 8,776</u>
For the years ended December 31,			
Revenue recognized that was included in the contract liability balance at the beginning of the year - receipts in advance		<u>\$ 5,028</u>	<u>\$ 8,776</u>

(22) Interest income

		For the years ended December 31,	
		2023	2022
Interest income from bank deposits	\$	22,630	\$ 7,764
Interest income from financial assets measured at amortised cost		18,319	16,402
Others		383	1,051
	\$	<u>41,332</u>	<u>\$ 25,217</u>

(23) Other income

	For the years ended December 31,	
	2023	2022
Dividend income	\$ –	\$ 12
Rental income	2, 559	2, 663
Government grants income	2, 296	548
Collection of write-offs	–	21, 074
Others	10, 885	7, 972
	<u>\$ 15, 740</u>	<u>\$ 32, 269</u>

(24) Other gains and losses

	For the years ended December 31,	
	2023	2022
Net gain on financial assets and liabilities at fair value through profit or loss	\$ 224	\$ 32
Net currency exchange gain	23, 182	126, 675
Gain on disposal of investment	315	–
Reclassification of exchange loss arising from disposal of investments	– (	4, 658)
Net gain (loss) on disposals of property, plant and equipment	1, 210 (	27)
Net loss on disposal of investment property	– (	3)
Impairment loss	– (	42, 788)
Gain from lease modifications	53	–
Other losses	(6, 033)	(17, 373)
	<u>\$ 18, 951</u>	<u>\$ 61, 858</u>

(25) Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense		
Bank borrowings	\$ 13,437	\$ 16,802
Lease liabilities	3,101	3,887
	<u>\$ 16,538</u>	<u>\$ 20,689</u>

(26) Expenses by nature

	For the year ended December 31, 2023		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 1,396,166	\$ 560,499	\$ 1,956,665
Depreciation charges on property, plant and equipment	74,598	20,498	95,096
Depreciation charges on right-of-use assets	32,769	3,327	36,096
Depreciation charges on investment property (Note)	–	2,175	2,175
Amortization charges on intangible assets	–	9,235	9,235
	<u>\$ 1,503,533</u>	<u>\$ 595,734</u>	<u>\$ 2,099,267</u>

	For the year ended December 31, 2022		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 1, 537, 942	\$ 586, 644	\$ 2, 124, 586
Depreciation charges on property, plant and equipment	80, 110	20, 869	100, 979
Depreciation charges on right-of-use assets	30, 959	3, 134	34, 093
Depreciation charges on investment property (Note)	–	2, 011	2, 011
Amortization charges on intangible assets	–	8, 483	8, 483
	<u>\$ 1, 649, 011</u>	<u>\$ 621, 141</u>	<u>\$ 2, 270, 152</u>

(Note) Listed as “Other gains and losses”.

(27) Employee benefit expense

	For the year ended December 31, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 1, 228, 136	\$ 496, 506	\$ 1, 724, 642
Labor and health insurance expenses	68, 906	30, 497	99, 403
Pension costs	74, 422	20, 286	94, 708
Other personnel expenses	24, 702	13, 210	37, 912
	<u>\$ 1, 396, 166</u>	<u>\$ 560, 499</u>	<u>\$ 1, 956, 665</u>

	For the year ended December 31, 2022		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 1, 373, 095	\$ 520, 147	\$ 1, 893, 242
Labor and health insurance expenses	69, 282	30, 898	100, 180
Pension costs	68, 119	18, 024	86, 143
Other personnel expenses	27, 446	17, 575	45, 021
	<u>\$ 1, 537, 942</u>	<u>\$ 586, 644</u>	<u>\$ 2, 124, 586</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of current year, after covering accumulated losses, shall be distributed as

employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' remuneration.

- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$4,000 for both years; while directors' remuneration was accrued at \$6,600 for both years. The aforementioned amounts were recognized in salary expenses. The expenses recognized for the year were accrued based on the earnings of current year distributable and the percentage prescribed by the Company's Articles of Incorporation. The employees' compensation and directors' remuneration resolved by the Board of Directors on March 7, 2024 were \$4,000 and \$6,600 for the year ended December 31, 2023, respectively, and the employees' compensation will be distributed in the form of cash. The employees' compensation and directors' remuneration resolved by the Board of Directors on March 21, 2023 were in agreement with those amounts recognized in the 2022 financial statements.

Information about employees' compensation and directors' remuneration of the Company resolved by the Board of Directors will be posted in the "Market Observation Post System" on the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax (benefit) expense:

(a) Components of income tax expense:

	For the years ended December 31,	
	2023	2022
Current income tax:		
Income tax incurred in current year	\$ 23,755	\$ 27,717
Tax on undistributed earnings	9,150	–
Prior year income tax underestimation	4,248	11,066
	<u>37,153</u>	<u>38,783</u>
Deferred income tax:		
Origination and reversal of temporary differences	11,659	5,457
Impact of change in tax rate	–	–
Net currency exchange difference	(63)	2,028
	<u>11,596</u>	<u>7,485</u>
Income tax expense	<u>\$ 48,749</u>	<u>\$ 46,268</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2023	2022
Remeasurement of defined benefit obligations (\$	169)	\$ 2,396
Net currency exchange difference	3	373
	<u>(\$ 166)</u>	<u>\$ 2,769</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 85,998	\$ 83,365
Effect from items adjusted by tax regulation	(52,224)	(19,907)
Expenses disallowed by tax regulation	1,577	2,555
Effect from tax exempt income by tax regulation	–	(30,811)
Tax on undistributed earnings	9,150	–
Prior year incom tax underestimation	4,248	11,066
Income tax expense	<u>\$ 48,749</u>	<u>\$ 46,268</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

For the year ended December 31, 2023				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Unrealized loss on currency	\$ 21,736	(\$ 15,468)	\$ –	\$ 6,268
Unrealized compensated absences	1,955	(5)	–	1,950
Pensions	27,708	3,885	169	31,762
Unrealized loss on investment	4,780	–	–	4,780
Allowance for doubtful accounts	–	417	–	417
Unrealized lease liabilities	–	9,525	–	9,525
Tax losses	12,594	(488)	–	12,106
	<u>\$ 68,773</u>	<u>(\$ 2,134)</u>	<u>\$ 169</u>	<u>\$ 66,808</u>
Deferred tax liabilities				
Temporary differences:				
Incremental tax on land revaluation	(\$ 33,178)	\$ –	\$ –	(\$ 33,178)
Unrealized gain on investment	(6,564)	–	–	(6,564)
Unrealized right-of-use assets	–	(9,525)	–	(9,525)
	<u>(\$ 39,742)</u>	<u>(\$ 9,525)</u>	<u>\$ –</u>	<u>(\$ 49,267)</u>
	<u>\$ 29,031</u>	<u>(\$ 11,659)</u>	<u>\$ 169</u>	<u>\$ 17,541</u>

For the year ended December 31, 2022

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Unrealized loss on currency exchange	\$ 4,649	\$ 17,087	\$ –	\$ 21,736
Unrealized compensated absences	1,954	1	–	1,955
Pensions	24,580	5,524	(2,396)	27,708
Unrealized loss on investment	14,774	(9,994)	–	4,780
Tax losses	<u>30,669</u>	<u>(18,075)</u>	<u>–</u>	<u>12,594</u>
	<u>\$ 76,626</u>	<u>(\$ 5,457)</u>	<u>(\$ 2,396)</u>	<u>\$ 68,773</u>
Deferred tax liabilities				
Temporary differences:				
Incremental tax on land revaluation	(\$ 33,178)	\$ –	\$ –	(\$ 33,178)
Unrealized gain on investment	(6,564)	–	–	(6,564)
	<u>(\$ 39,742)</u>	<u>\$ –</u>	<u>\$ –</u>	<u>(\$ 39,742)</u>
	<u>\$ 36,884</u>	<u>(\$ 5,457)</u>	<u>(\$ 2,396)</u>	<u>\$ 29,031</u>

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2017	\$ 32,998	\$ 23,182	\$ –	2027
2018	901	901	–	2028
2019	25,304	23,066	14,376	2024~2029
2020	120,815	41,095	26,136	2025~2030
2021	61,239	61,239	51,122	2026~2031
2023	2,680	2,680	–	2033

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2017	\$ 32,998	\$ 26,258	\$ –	2027
2018	901	901	–	2028
2019	25,666	25,666	16,976	2024~2029
2020	121,900	42,235	26,706	2025~2030
2021	63,829	63,829	52,238	2026~2031

E. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences		
Unrealized loss on investment	\$ 640,808	\$ 932,837
Allowance for doubtful accounts that exceeded the allowable tax limit	10,281	10,281
	<u>\$ 651,089</u>	<u>\$ 943,118</u>

F. The Group's income tax returns through 2021 have been assessed and approved by the Tax Authority and there were no disputes existing between the Group and the Authority as of March 7, 2024.

(29) Earnings per share

For the year ended December 31, 2023			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 311,469</u>	<u>146,154</u>	<u>\$ 2.13</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 311,469	146,154	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>—</u>	<u>178</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 311,469</u>	<u>146,332</u>	<u>\$ 2.13</u>

	For the year ended December 31, 2022		
		Weighted average number of ordinary shares outstanding	Earnings per share
	<u>Amount after tax</u>	<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 301,032	146,154	\$ 2.06
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 301,032	146,154	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	—	191	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 301,032	146,345	\$ 2.06

(30) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2023	2022
(a) Acquisition of property, plant and equipment	\$ 41,162	\$ 48,600
Add: Beginning balance of payables for equipment (listed as “Other payables”)	1,836	2,536
Less: Ending balance of payables for equipment (listed as “Other payables”)	(3,840)	(1,836)
Cash paid for the acquisition of property, plant and equipment	\$ 39,158	\$ 49,300

		For the years ended December 31,	
		2023	2022
(b) Acquisition of investment property	\$	1,666	\$ 4,227
Add: Beginning balance of payables for equipment (listed as "Other payables")		254	–
Less: Ending balance of payables for equipment (listed as "Other payables")	(	666)	(254)
Cash paid for the acquisition of investment property	\$	<u>1,254</u>	\$ <u>3,973</u>

		For the years ended December 31,	
		2023	2022
(c) Acquisition of intangible assets	\$	4,575	\$ 4,714
Add: Beginning balance of payables for equipment (listed as "Other payables")		633	–
Less: Ending balance of payables for equipment (listed as "Other payables")		–	(633)
Cash paid for the acquisition of intangible assets	\$	<u>5,208</u>	\$ <u>4,081</u>

B. Operating and investing activities with no cash flow effects:

	For the years ended December 31,	
	2023	2022
(1) Write-off of allowance for doubtful accounts	\$ 196	\$ 2,942
(2) Prepayments transferred to property, plant and equipment	\$ 210	\$ –
(3) Prepayments for equipment transferred to property, plant and equipment	\$ 2,970	\$ –
(4) Prepayments for equipment transferred to investment property	\$ –	\$ 597
(5) Prepayments for equipment transferred to intangible assets	\$ 1,639	\$ 930
(6) Prepayments for equipment transferred to other non-current assets	\$ 2,223	\$ –
(31) <u>Changes in liabilities from financing activities</u>		

	Short-term borrowings	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
At January 1, 2023	\$ 700,809	\$ 73,646	\$ 3,010	\$ 777,465
Changes in cash flow from financing activities	(92,842)	(30,492)	(355)	(123,689)
Changes in other non-cash items	1,033	4,204	–	5,237
At December 31, 2023	<u>\$ 609,000</u>	<u>\$ 47,358</u>	<u>\$ 2,655</u>	<u>\$ 659,013</u>

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
At January 1, 2022	\$ 975,185	\$ 149,972	\$ 84,998	\$ 7,703	\$ 1,217,858
Changes in cash flow from financing activities	(285,545)	(150,000)	(28,806)	(4,693)	(469,044)
Changes in other non-cash items	11,169	28	17,454	–	28,651
At December 31, 2022	<u>\$ 700,809</u>	<u>\$ –</u>	<u>\$ 73,646</u>	<u>\$ 3,010</u>	<u>\$ 777,465</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Tainan Enterprise (Cayman) Co., Limited	Associate
Nelson Sport Co., Ltd.	Other related party

(2) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2023	2022
Sales of goods:		
Other related party	\$ <u>17,211</u>	\$ <u>–</u>

The collection period for related parties was 60 days after the end of each month, and for the third parties was 30~90 days after the end of each month. Other terms of sales were the same as the third parties.

B. Purchases

	For the years ended December 31,	
	2023	2022
Purchases of goods:		
Associates	\$ <u>223</u>	\$ <u>–</u>

The terms of purchases and payments (due within 3 months) to related parties were the same as the third party suppliers.

C. Other revenue

	For the years ended December 31,	
	2023	2022
Associates	\$ 456	\$ 284
(3) <u>Key management compensation</u>		
	For the years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 25,490	\$ 25,422
Post-employment benefits	2,591	537
	<u>\$ 28,081</u>	<u>\$ 25,959</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

A. As of December 31, 2023 and 2022, the remaining balance due for construction in progress was \$325,514 and \$61,446, respectively.

B. As of December 31, 2023 and 2022, the unused letters of credit amounted to \$237,456 and \$173,275, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 86,825	\$ 86,954
Financial assets held for trading	256	32
	<u>\$ 87,081</u>	<u>\$ 86,986</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	<u>\$ 545</u>	<u>\$ 609</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 735,368	\$ 798,957
Financial assets at amortised cost	580,606	385,889
Notes receivable	–	891
Accounts receivable	1,186,664	1,183,709
Other receivables	56,368	61,152
Guarantee deposits paid	14,482	15,075
	<u>\$ 2,573,488</u>	<u>\$ 2,445,673</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 609,000	\$ 700,809
Notes payable	6,951	7,516
Accounts payable	413,529	217,697
Other payables	439,167	454,982
Lease liabilities (including current portion)	47,358	73,646
Guarantee deposits received	2,655	3,010
	<u>\$ 1,518,660</u>	<u>\$ 1,457,660</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2), 'Financial assets and liabilities at fair value through profit or loss'.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting cost of forecast inventory purchases.

- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2) , ‘Financial assets and liabilities at fair value through profit or loss’.
- iv. The Group's risk management policy is to take appropriate hedging against the expected future cash flow risk of major currencies (mainly the purchase of inventories denominated in USD), so as to reduce the risk exposure of major currencies.
- v. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.
- vi. The Group's businesses involve some non-functional currency operations (the Group's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 44,014	30.71	\$1,351,669
RMB:NTD	7,862	4.327	34,018
IDR:USD	3,995,064	0.000065	7,947
NTD:USD	15,880	0.03	15,880
VND:USD	3,177,496	0.000041	4,031
KHR:USD	1,015,769	0.000244	7,606
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	22,932	30.71	704,230
RMB:NTD	25,381	4.327	109,823
IDR:USD	67,573,410	0.000065	134,411
VND:USD	17,014,555	0.000041	21,587

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 47,396	30.71	\$1,455,524
RMB:NTD	9,394	4.408	41,407
IDR:USD	16,513,374	0.000064	32,236
NTD:USD	8,775	0.03	8,775
VND:USD	2,566,696	0.000041	3,269
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	20,472	30.71	628,707
RMB:NTD	26,477	4.408	116,762
IDR:USD	57,457,792	0.000064	112,166
VND:USD	10,202,204	0.000041	12,992

Sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated/depreciated by 1% with all other variables held constant, post-tax profit would have increased/decreased by \$ 4,511 and \$6,706 for the years ended December 31, 2023 and 2022, respectively.

- vii. The total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group amounted to \$ 23,182 and \$126,675 for the years ended December 31, 2023 and 2022, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held

financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

- ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit would have increased/decreased by \$868 and \$870 for the years ended December 31, 2023 and 2022 respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$5 and \$6 respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk, partial interest rate risk is offset by cash and cash equivalents held at variable rates. The Group's borrowings issued at floating rates were mainly denominated in New Taiwan Dollars and US Dollars in 2023 and 2022.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, net of tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$ 107 and \$134, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt

instruments stated at amortized cost.

- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- iii. The Group adopts management of credit risk, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- v. The Group classifies customer's accounts receivable in accordance with credit rating of customer, collaterals, credit risk on trade, etc. The Group applies the simplified approach using the provision matrix, loss rate methodology to estimate expected credit loss. The Group uses the forecast ability of conditions to adjust historical and timely information to assess the default possibility of accounts receivable. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes receivable, accounts receivable and other receivables are as follows:

	<u>Expected loss rate</u>	<u>Book value</u>	<u>Allowance</u>
<u>At December 31, 2023</u>			
Group A	0.09%	\$ 1,187,894	\$ 1,230
Individual A	100%	<u>7,374</u>	<u>7,374</u>
Total		<u>\$ 1,195,268</u>	<u>\$ 8,604</u>
	<u>Expected loss rate</u>	<u>Book value</u>	<u>Allowance</u>
<u>At December 31, 2022</u>			
Group A	0.20%	<u>\$ 1,190,457</u>	<u>\$ 6,748</u>

vi. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
At January 1	\$ 6,748	\$ 4,310
Expected credit losses	2,052	5,380
Write-offs	(196)	(2,942)
At December 31	<u>\$ 8,604</u>	<u>\$ 6,748</u>
Collection of write-offs (listed as "Other income")	<u>\$ –</u>	<u>(\$ 21,074)</u>

- vii. The Group used the forecast ability to adjust historical and timely information to assess the default possibility of debt instrument on December 31, 2023 and 2022, and used collaterals or other credit enhancement held by the Group to estimate expected credit loss.
- viii. Movements in loss allowance for investments in debt instruments carried at amortized cost are as follows:

	For the years ended December 31,			
	2023		2022	
	Lifetime		Lifetime	
	Significant increase in credit risk	Impairment of credit	Significant increase in credit risk	Impairment of credit
At January 1	\$ 44, 079	\$ 7, 752	\$ –	\$ 6, 987
Transfer status	(44, 725)	44, 725	–	–
Provision for impairment	–	–	42, 788	–
Effect of foreign exchange	646	(646)	1, 291	765
At December 31	<u>\$ –</u>	<u>\$ 51, 831</u>	<u>\$ 44, 079</u>	<u>\$ 7, 752</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group Finance Department. Group's Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- ii. Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to the Group's Finance Department. Group's Finance Department invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or

sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate:		
Expiring within one year	<u>\$ 3,934,596</u>	<u>\$ 3,776,575</u>

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for nonderivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 610,982	\$ –	\$ –	\$ –
Notes payable	6,951	–	–	–
Accounts payable	413,529	–	–	–
Other payables	439,167	–	–	–
Lease liabilities	31,643	18,032	–	–
Guarantee deposits received	–	2,655	–	–

<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 704,390	\$ –	\$ –	\$ –
Notes payable	7,516	–	–	–
Accounts payable	217,697	–	–	–
Other payables	454,982	–	–	–
Lease liabilities	32,162	42,036	4,500	–
Guarantee deposits received	–	3,010	–	–

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

Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in forward exchange contract is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and investment property is included in Level 3.

- B. Fair value information of investment property at cost is provided in Note 6(11), 'Investment property-net'.

C. The carrying amounts of the Group's financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short term borrowings, notes payable, accounts payable, other payables, and guarantee deposits received are approximate to their fair values.

D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ –	\$ –	\$ 86,825	\$ 86,825
Forward exchange contracts	–	256	–	256
Financial assets at fair value through other comprehensive income				
Equity securities	<u>545</u>	<u>–</u>	<u>–</u>	<u>545</u>
	<u>\$ 545</u>	<u>\$ 256</u>	<u>\$ 86,825</u>	<u>\$ 87,626</u>

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ –	\$ –	\$ 86,954	\$ 86,954
Forward exchange contracts	–	32	–	32
Financial assets at fair value through other comprehensive income				
Equity securities	<u>609</u>	<u>–</u>	<u>–</u>	<u>609</u>
	<u>\$ 609</u>	<u>\$ 32</u>	<u>\$ 86,954</u>	<u>\$ 87,595</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1).
- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- iii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- iv. The market approach (Price-to-Book Ratio, P/B ratio) and asset approach (net book value adjustment) are used by the Group to measure its certain equity investment without active market, which is calculating the ratio of recent identical or similar transaction price to book as an observable input to project the fair value

of the disposal group.

(c) For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2, and there was no transfer into or out from Level 3.

(d) The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	Equity securities (Note)	
	For the years ended December 31,	
	2023	2022
At January 1	\$ 86,954	\$ 86,954
Completion of the liquidation	(129)	—
At December 31	<u>\$ 86,825</u>	<u>\$ 86,954</u>

(Note) There is no adjustment of equity securities in Level 3 for the years ended December 31, 2023 and 2022 because the fair value change was insignificant.

(e) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 95,167	The market approach (Price-to-Book Ratio)/Asset method (net book value adjustment)	Discount for lack of marketability / Discount for lack of control	30%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value.

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 92,475	The market approach (Price-to-Book Ratio)/Asset method (net book value adjustment)	Discount for lack of marketability / Discount for lack of control	30%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value.

- (f) The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

		December 31, 2023			
		Recognized in profit or loss		Recognized in other comprehensive income	
		Favourable	Unfavourable	Favourable	Unfavourable
		change	change	change	change
Financial assets	Input	Change			
Equity instrument	Discount for lack of marketability and discount for lack of control	±10%	\$ 8,586	(\$ 8,586)	\$ –
					\$ –

			December 31, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable	Unfavourable	Favourable	Unfavourable
	Input	Change	change	change	change	change
Financial assets						
Equity instrument	Discount for lack of marketability and discount for lack of control	±10%	\$ 10,563	(\$ 10,563)	\$ –	\$ –

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2023.

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital or more: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2), 'Financial assets at fair value through profit or loss'.

J. Significant inter-company transactions during the reporting periods: Refer to table 5.

Information on investees

Names, locations and other information of investee companies (excluding investees in Mainland China) : Refer to table 6.

Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 8.

Major shareholders information

Refer to table 9.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the reportable operating segments based on information provided to the Group's chief operating decision-maker in order to make strategic decisions. The Group's chief operating decision-maker manages the business from an entity's perspective.

Measurement of segment information

The chief operating decision-maker, evaluates the performance of the operating segments based on

a measure of income before tax; this measure excludes the impact of non-recurring receipts and payments in operating segments. The accounting policies of the operating segment are the same as the summary of the material accounting policies described in Note 4, 'SUMMARY OF MATERIAL ACCOUNTING POLICIES'.

Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief operating decision-maker for the reportable segments is as follows:

For the year ended December 31, 2023			
	Garment production	Investment	Total
Segment revenue	\$ 10,344,643	\$ –	\$ 10,344,643
Inter-segment revenue	(3,836,343)	–	(3,836,343)
Revenue from external customers	6,508,300	–	6,508,300
Interest income	–	41,332	41,332
Depreciation and amortisation	142,602	–	142,602
Financial costs	9,834	6,704	16,538
Segment income before tax	312,010	48,208	360,218
Segment assets	4,429,498	1,004,863	5,434,361
Segment liabilities	1,181,151	554,341	1,735,492
For the year ended December 31, 2022			
	Garment production	Investment	Total
Segment revenue	\$ 12,025,353	\$ –	\$ 12,025,353
Inter-segment revenue	(4,495,508)	–	(4,495,508)
Revenue from external customers	7,529,845	–	7,529,845
Interest income	–	25,217	25,217
Depreciation and amortisation	145,566	–	145,566
Financial costs	12,301	8,388	20,689
Segment income (loss) before tax	446,452 (	99,152)	347,300
Segment assets	4,324,017	852,873	5,176,890
Segment liabilities	1,045,505	593,315	1,638,820

Reconciliation for segment income (loss), assets and liabilities

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income, and the divisional income amounts provided to the chief operating decision maker are measured in accordance with the Group's consolidated financial statements and therefore do not require reconciliation.

Information on products and services

Revenue from external customers is mainly from the production and sales of garment, the design, development, production, and sales of self-owned brands, and the provision of processing and business consulting services, as well as the agency of other internationally well-known brands. Details of revenue are as follows:

	For the years ended December 31,	
	2023	2022
Garment foundry and sales revenue	\$ 6,500,821	\$ 7,528,753
Service revenue	7,479	1,092
	<u>\$ 6,508,300</u>	<u>\$ 7,529,845</u>

Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	For the years ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
United States	\$ 4,919,383	\$ –	\$ 5,352,368	\$ –
Canada	630,677	–	716,512	–
Japan	362,527	–	892,746	–
China	74,396	36,747	85,905	42,910
Taiwan	67,108	539,772	78,402	542,383
Cambodia	6,131	158,085	1,049	189,206
Indonesia	5,815	293,898	4	248,997
Vietnam	2,953	304,830	3,106	319,781
Others	439,310	–	399,753	366
	<u>\$ 6,508,300</u>	<u>\$ 1,333,332</u>	<u>\$ 7,529,845</u>	<u>\$ 1,343,643</u>

Major customer information

The details of the Group's major customers whose revenue from a single customer in 2023 and 2022 has reached more than 10% of the revenue on the consolidated comprehensive income statement are as follows:

Customer name	For the years ended December 31,			
	2023		2022	
	Net Operating Revenue	%	Net Operating Revenue	%
Customer B	\$ 1, 973, 321	30	\$ 2, 151, 803	29
Customer D	1, 138, 789	17	1, 203, 496	16
Customer F	689, 527	11	787, 503	10
Customer G	449, 231	7	814, 230	11

Tainan Enterprises Co., Ltd. and Subsidiaries

Loans to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

Number	Name	Name of counterparty	Account	Related parties	Maximum balance	Ending balance	Actual amount drawn down	Interest rate	Nature of financial activity	Total transaction amount	Reason for financing	Allowance for doubtful accounts	Assets pledged Item	Value	Loan limit per entity (Note 2)	Maximum amount available for loan (Note 2)	Footnote
1	Tainan Enterprise (BVI) Co., Limited	Tainan Enterprises (Cambodia) Co., Ltd.	Other receivables	Y	\$ 46,065	\$ -	\$ -	—	(Note 1)	\$ -	Financing use	\$ -	—	\$ -	\$ 1,185,656	\$ 1,185,656	—
		PT. Andalan Mandiri Busana	Other receivables	Y	122,840	92,130	67,562	—	(Note 1)	-	Financing use	-	—	-	1,185,656	1,185,656	—
		Tainan Enterprises (Vietnam) Co., Ltd.	Other receivables	Y	337,810	245,680	173,512	—	(Note 1)	-	Financing use	-	—	-	1,185,656	1,185,656	—
		Yong Jeng International Co., Ltd.	Other receivables	N	61,420	61,420	45,790	4%	(Note 1)	-	Financing use	-	—	-	444,621	444,621	—

Note 1: Nature of loans to others is filled for short-term financing.

Note 2: In accordance with the provisions of the operating procedures for loaning to others, the calculation of the capital loan limit of individual objects and the total limit of capital loan is as follows:

1. Loan total limit: 40% of the net worth in the most recent financial report, but only if financing is necessary, 30% of the net worth in the most recent financial report.

2. Limit for a single company

(1) Trading partner: each company does not exceed the amount of business transactions.

(2) Short-term financing: each company does not exceed 30% net worth of its most recent financial report.

(3) Capital loans to foreign companies of the Republic of China that directly or indirectly hold 100% of the voting shares by the same parent company shall not exceed 80% of the net worth of the company's most recent financial report.

(4) In the case of (1) and (2) above, the limit shall be calculated in combination, but shall not exceed the total limit of loans.

Note 3: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:30.71; CNY:USD 1:0.1407).

Tainan Enterprises Co., Ltd. and Subsidiaries

Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures)

December 31, 2023

Table 2

Expressed in thousands of NTD

Investor	Type and name of securities	Relationship with the securities issuer	General ledger account (Note 1)	Ending balance				Footnote
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value	
Tainan Enterprises Co., Ltd.	Bonds:							
	DEUTSCHE BANK AG 3.6615% DUE 10 APR 2025	—	2	-	\$ 30,195	-	\$ 30,195	—
	Stocks:							
	KOCHE DEVELOPMENT CO., LTD.	Substantive related parties	3	4,969	60,939	13.58%	62,016	—
	KOCHE GLOBAL CO., LTD.	Substantive related parties	3	4,350	25,886	10.73%	33,151	—
Tainan Enterprise (BVI) Co., Limited	DELTAMAC (TAIWAN) CO., LTD.	—	4	40	545	0.11%	545	—
	Bonds:							
	ROYAL BK SCOTLND 5.125% DUE 28 MAY 2024, etc.	—	1	-	86,314	-	86,314	—
	BANCO DO BRASIL SA 4.625% DUE 15 JAN 2025, etc.	—	2	-	464,097	-	464,097	—
	Stocks:							
	NETSOL TECH-NOLOGIES INC.	—	3	44	-	0.27%	-	—

Note 1: There are four types of account items as follows:

1. Financial assets at amortized cost - current
2. Financial assets at amortized cost - non-current
3. Financial assets at fair value through profit or loss - non-current
4. Financial assets at fair value through other comprehensive income - non-current

Note 2: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:30.71; CNY:USD 1:0.1407).

Tainan Enterprises Co., Ltd. and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
Tainan Enterprises Co., Ltd.	P.T.Tainan Enterprises Indonesia	Subsidiary	Purchases	\$ 1,466,092	40%	(Note 1)	\$ -	—	(\$ 216,432)	(46%)	—
P.T.Tainan Enterprises Indonesia	Tainan Enterprises Co., Ltd.	The Company	(Sales)	(1,466,092)	(99%)	(Note 1)	-	—	216,432	99%	—

Note 1: Receipt and payment terms for purchases and sales to related parties is closes its accounts in 3 months.

Note 2: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:30.71).

Tainan Enterprises Co., Ltd. and Subsidiaries
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
December 31, 2023

Table 4

Expressed in thousands of NTD

Company Name	Counterparty	Relationship	Receivable from related party		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			Items	Amount		Amount	Action taken		
P.T.Tainan Enterprises Indonesia	Tainan Enterprises Co., Ltd.	The Company	Accounts receivable	\$ 216,432	7.33	\$ -	—	\$ 216,432	\$ -
Yixing Gaoqing Garments Co., Ltd.	Tainan Enterprises Co., Ltd.	The Company	Accounts receivable	109,805	3.35	-	—	64,197	-
Tainan Enterprise (BVI) Co., Limited	Tainan Enterprises (Vietnam) Co., Ltd.	Subsidiary	Other receivables	173,512	—	-	—	36,852	-

Note : The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:30.71; CNY:USD 1:0.1407).

Tainan Enterprises Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting period
For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transactions			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Terms	
0	Tainan Enterprises Co., Ltd.	P.T. Tainan Enterprises Indonesia	1	Purchases	\$ 1,466,092	Closes its accounts 3 months after the end of each transaction	23%
			1	Accounts payable	216,432	—	4%
			1	Services revenue	65,747	—	1%
		PT. Andalan Mandiri Busana	1	External processing cost	503,226	—	8%
			1	Services revenue	52,523	—	1%
			1	Other payables	91,615	—	2%
		Tainan Enterprises (Cambodia) Co., Ltd.	1	External processing cost	802,279	—	12%
			1	Services revenue	64,068	—	1%
			1	Other payables	18,699	—	—
		Tainan Enterprises (Vietnam) Co., Ltd.	1	External processing cost	311,128	—	5%
			1	Services revenue	28,453	—	—
			1	Other payables	26,431	—	—
		Yixing Gaoqing Garments Co., Ltd.	1	External processing cost	380,653	—	6%
			1	Services revenue	27,308	—	—
			1	Other payables	109,805	—	2%
		Gin-Sovann Fashion (Cambodia) Limited.	1	External processing cost	184,147	—	3%
			1	Services revenue	14,237	—	—
			1	Other payables	26,996	—	—
1	Tainan Enterprise (BVI) Co., Limited	PT. Andalan Mandiri Busana	3	Other receivables	67,562	—	1%
		Tainan Enterprises (Vietnam) Co., Ltd.	3	Other receivables	173,512	—	3%
2	Tainan Enterprises (Cambodia) Co., Ltd.	Gin-Sovann Fashion (Cambodia) Limited.	3	External processing cost	16,456	—	—
			3	Other payables	12,903	—	—
3	Beyoung Fashion Co., Ltd.	Gin-Sovann Fashion (Cambodia) Limited.	3	External processing cost	160,562	—	2%
			3	Other payables	26,489	—	—

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) The company to subsidiary.
- (2) Subsidiary to the company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Significant inter-company transactions during the reporting periods are not disclosed since these were corresponding transactions.

Note 5: The disclosure standard for important transactions is more than NT\$10 million.

Note 6: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:30.71; CNY:USD 1:0.1407).

Tainan Enterprises Co., Ltd. and Subsidiaries
Names, locations and other information of investee companies (excluding investees in Mainland China)
For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD

Investor	Investee	Location	Main business	Original investment amount		Shares held as at December 31, 2023			Net income (loss) of the investee	Investment income (loss) recognized by the Company	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Tainan Enterprises Co., Ltd.	Tainan Enterprise (BVI) Co., Limited	British Virgin Islands	Professional investments	\$ 517,058	\$ 517,058	170,000	100.00	\$ 1,483,135	\$ 104,692	\$ 103,972	Subsidiary
	P.T. Tainan Enterprises Indonesia	Indonesia	Garment processing, production and selling	64,446	64,446	2,400,000	100.00	400,364	34,009	34,009	Subsidiary
	PT. Andalan Mandiri Busana	Indonesia	Garment processing, production and selling	182,024	182,024	6,000	100.00	166,671	23,636	23,636	Subsidiary
	PT CAHAYA INDAH GLOBAL	Indonesia	Garment processing, production and selling	59,469	-	1,900,000	100.00	58,510	163	163	Subsidiary (Note 1)
	Tainan Enterprises (Cambodia) Co., Ltd.	Cambodia	Garment processing, production and selling	29,585	29,585	1,000	100.00	156,590	73,353	73,316	Subsidiary
	Tainan Enterprises (Vietnam) Co., Ltd.	Vietnam	Garment processing, production and selling	319,090	319,090	-	100.00	178,092	52,735	52,735	Subsidiary
	Beyoung Fashion Co., Ltd.	Taiwan	Garment processing, production and selling	141,742	141,742	5,050,000	100.00	29,498	4,198	4,198	Subsidiary
Tainan Enterprise (BVI) Co., Limited	T&G Fashion Co., Ltd.	Seychelles	Professional investments	120,377	120,377	3,300,000	100.00	129,630	57,268	-	Subsidiary (Note 2)
	Tainan Enterprise (Cayman) Co., Limited	Cayman Islands	Professional investments	215,928	215,928	4,466,610	13.39	86,619	107,148	-	(Note 2)
T&G Fashion Co., Ltd.	Gin-Sovann Fashion (Cambodia) Limited.	Cambodia	Garment processing, production and selling	30,710	30,710	-	100.00	93,736	56,251	-	Subsidiary (Note 2)
	Camitex II (Cambodia) MFG Co., Ltd.	Cambodia	Garment processing, production and selling	18,829	18,829	100	100.00	79	1	-	Subsidiary (Note 2)
	Golden Harbor Garment (Cambodia) Limited.	Cambodia	Garment processing, production and selling	-	-	-	100.00	368	(1)	-	Subsidiary (Note 2)
											(Note 3)

Note 1: A new company established in the first quarter of 2023.

Note 2: According to regulations, the amount of investment (loss) recognized in the current period may be exempted from disclosure.

Note 3: The subsidiary has ceased business and was pending for liquidation process.

Note 4: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:30.71; CNY:USD 1:0.1407).

Tainan Enterprises Co., Ltd. and Subsidiaries
Information on investments in Mainland China – Basic information
For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD

Investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Yixing Gaoqing Garments Co., Ltd.	Garment processing, production and selling	\$ 138,195	(Note 1)	\$ 92,130	\$ -	\$ -	\$ 92,130	\$ 5,137	100%	\$ 5,137	\$ 162,572	\$ -	(Note 3)
Zhoukou Tainan Garment Co., Ltd.	Garment processing, production and selling	153,550	(Note 1)	-	-	-	-	-	100%	-	406	-	(Note 4) (Note 5)
		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA									
Company name		as of December 31, 2023											
Tainan Enterprises Co., Ltd.		\$ 296,385	\$ 1,194,578	(Note 6)									

Note 1: Indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.

Note 2: Investment gains or losses were recognized based on audited financial statements.

Note 3: Among them, \$46,065 (USD1,500 thousand dollars) was indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.

Note 4: Indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.

Note 5: The subsidiary has ceased business and was pending for liquidation process.

Note 6: Enterprises that have been approved by the Ministry of Economic Affairs to operate their headquarters are not subject to monetary or proportional limits.

Note 7: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:30.71; CNY:USD 1:0.1407).

Tainan Enterprises Co., Ltd. and Subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2023

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Interest during the year ended December 31, 2023	Others (Note)
	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate			
Yixing Gaoqing Garments Co., Ltd.	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -	-	-	\$ -	- External process cost \$ 380,653 Service revenue \$ 27,308 Other payables \$ 109,805

Note: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:30.71; CNY:USD 1:0.1407).

Tainan Enterprises Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2023

Table 9

Expressed in shares

Name of the key shareholder	Number of shares		Ownership (%)	Note
	Common stock	Preferred stock		
CMC Magnetics Co., Ltd.	11,793,000	—	8.06%	—
CHC International Investment Corporation	9,522,000	—	6.51%	—
TZENG, LI-YU-LIAN	7,653,000	—	5.23%	—

Note: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.
The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the difference in the calculation basis.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Tainan Enterprises Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Tainan Enterprises Co., Ltd. (the "Company") as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Cut-off of operating revenue from export sales

Description

Refer to Note 4(27) for the accounting policies on operating revenue and Note 6(19) for details of revenue. Exports sales comprise a significant portion of the Company's revenues, which are recognized based on the terms and conditions of the transaction agreed with the customer. As the revenue recognition process involves manual process and judgements, there exists a risk of material misstatement that may arise from improper timing in revenue recognition for transactions that occur near the balance sheet date. Thus, we considered the cut-off of operating revenue from export sales a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding and assessed the accounting policies on revenue recognition.
2. Confirmed the completeness of the sales revenue transaction details of the export sales for a certain period before or after the balance sheet date and performed cut-off tests on a sampling basis to inspect the supporting documents (including confirming transaction conditions, checking orders, shipping documents, export declarations and bills of lading, etc.) to ascertain whether sales revenue was recognized in the proper period.

Other matter –Report of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$86,619 thousand and NT\$73,644 thousand, constituting 2% and 1% of the parent company only total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income recognized from subsidiaries, associates and joint ventures accounted for under the equity method amounted to NT\$19,481 thousand and NT\$19,180 thousand, constituting 6% and 4% of the parent company only total comprehensive income for the years then ended, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only 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 parent company only 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 Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only 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 to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Tien, Chung-Yu

Independent Accountants

Hsu, Huei-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 7, 2024

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report 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, PricewaterhouseCoopers 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.

TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 171,260	3	\$ 285,148	6
1110	Financial assets at fair value through profit or loss - current	6(2)	256	-	32	-
1150	Notes receivable, net	6(4)	-	-	891	-
1170	Accounts receivable, net	6(4) and 7	1,153,819	22	1,155,396	23
1200	Other receivables		1,511	-	2,828	-
1210	Other receivables - related parties	7	331	-	1,078	-
1220	Current income tax assets	6(26)	-	-	207	-
130X	Inventories	6(5)	701,324	14	615,866	13
1410	Prepayments	7	16,602	-	27,518	1
11XX	Total current assets		2,045,103	39	2,088,964	43
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	5(2) and 6(2)	86,825	2	86,954	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	545	-	609	-
1535	Financial assets at amortised cost - non-current	6(3)	30,195	1	30,717	-
1550	Investments accounted for under equity method	6(7)	2,472,860	48	2,124,315	43
1600	Property, plant and equipment	6(8)	380,520	7	377,210	8
1760	Investment property, net	6(10)	136,934	3	137,443	3
1780	Intangible assets	6(11)	10,033	-	13,017	-
1840	Deferred income tax assets	6(26)	20,023	-	34,516	1
1915	Prepayments for equipment	6(8)(10)(11)	1,741	-	4,626	-
1920	Guarantee deposits paid		310	-	186	-
1975	Net defined benefit assets - non-current	6(14)	3,156	-	3,158	-
1990	Other non-current assets		9,054	-	9,669	-
15XX	Total non-current assets		3,152,196	61	2,822,420	57
1XXX	Total assets		\$ 5,197,299	100	\$ 4,911,384	100

(Continued)

TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 554,000	11	\$ 595,842	12
2130	Contract liabilities - current	6(19)	3,816	-	2,421	-
2150	Notes payable		2,572	-	3,284	-
2170	Accounts payable		256,535	5	143,445	3
2180	Accounts payable - related parties	7	216,432	4	183,820	4
2200	Other payables	6(13)	143,051	3	150,697	3
2220	Other payables - related parties	7	273,546	5	253,348	5
2230	Current income tax liabilities	6(26)	8,530	-	-	-
2310	Advance receipts		6	-	384	-
21XX	Total current liabilities		<u>1,458,488</u>	<u>28</u>	<u>1,333,241</u>	<u>27</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(26)	39,742	1	39,742	1
2645	Guarantee deposits received		200	-	331	-
25XX	Total non-current liabilities		<u>39,942</u>	<u>1</u>	<u>40,073</u>	<u>1</u>
2XXX	Total liabilities		<u>1,498,430</u>	<u>29</u>	<u>1,373,314</u>	<u>28</u>
Equity						
Share capital						
3110	Common stock	6(15)(17)	1,461,535	28	1,471,535	30
3200	Capital surplus	6(15)(16)	824,531	16	830,797	16
Retained earnings						
3310	Legal reserve	6(15)(17)	798,013	15	766,835	16
3320	Special reserve		24,941	1	204,724	4
3350	Unappropriated retained earnings		618,590	12	311,783	6
3400	Other equity interest	6(6)(7)(18)	(28,741)	(1)	(24,941)	-
3500	Treasury stocks	6(15)	-	-	(22,663)	-
3XXX	Total equity		<u>3,698,869</u>	<u>71</u>	<u>3,538,070</u>	<u>72</u>
Contingent Liabilities and						
Commitments						
3X2X	Total liabilities and equity		<u>\$ 5,197,299</u>	<u>100</u>	<u>\$ 4,911,384</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share data)

			Year ended December 31			
	Items	Notes	2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19) and 7	\$ 6,285,222	100	\$ 7,321,873	100
5000	Operating costs	6(5)(14)(24)(25) and 7	(5,830,953)	(93)	(6,805,000)	(93)
5900	Net operating margin		454,269	7	516,873	7
	Operating expenses	6(11)(14)(24)(25), 7 and 12				
6100	Selling expenses		(137,453)	(2)	(160,705)	(2)
6200	General and administrative expenses		(233,795)	(4)	(243,403)	(4)
6300	Research and development expenses		(72,184)	(1)	(73,426)	(1)
6450	Expected credit losses		(2,052)	-	(5,380)	-
6000	Total operating expenses		(445,484)	(7)	(482,914)	(7)
6900	Operating profit		8,785	-	33,959	-
	Non-operating income and expenses					
7100	Interest income	6(3)(20)	5,970	-	2,786	-
7010	Other income	6(9)(10)(21), 7 and 12	10,326	-	29,058	-
7020	Other gains and losses	6(2)(10)(22)(24) and 12	29,034	-	105,666	2
7050	Finance costs	6(23)	(10,543)	-	(13,674)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(7)	292,029	5	154,009	2
7000	Total non-operating income and expenses		326,816	5	277,845	4
7900	Profit before income tax		335,601	5	311,804	4
7950	Income tax expense	6(26)	(24,132)	-	(10,772)	-
8200	Profit for the year		\$ 311,469	5	\$ 301,032	4
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial (losses) gains on defined benefit plan	6(14)	(\$ 1,874)	-	\$ 8,888	-
8316	Unrealized losses on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(6)(18)	(64)	-	(30)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method - will not be reclassified to profit or loss	6(7)	5,985	-	9,618	-
8349	Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(26)	375	-	(1,778)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(7)(18)	(8,796)	-	181,192	3
8380	Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for under equity method - will be reclassified to profit or loss	6(7)(18)	(142)	-	9	-
8300	Total other comprehensive (loss) income for the year		(\$ 4,516)	-	\$ 197,899	3
8500	Total comprehensive income for the year		\$ 306,953	5	\$ 498,931	7
	Earnings per share (in dollars)	6(27)				
9750	Basic		\$ 2.13		\$ 2.06	
9850	Diluted		\$ 2.13		\$ 2.06	

The accompanying notes are an integral part of these parent company only financial statements.

TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Retained Earnings					Other Equity Interest			
							Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total equity
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings				
Year ended December 31, 2022										
Balance at January 1, 2022		\$ 1,471,535	\$ 845,412	\$ 766,835	\$ 162,805	\$ 41,921	(\$ 208,039)	(\$ 4,052)	(\$ 22,663)	\$ 3,053,754
Net income for the year ended December 31, 2022		-	-	-	-	301,032	-	-	-	301,032
Other comprehensive income for the year ended December 31, 2022	6(18)	-	-	-	-	10,749	181,201	5,949	-	197,899
Total comprehensive income for the year ended December 31, 2022		-	-	-	-	311,781	181,201	5,949	-	498,931
Distribution of 2021 net income:										
Special reserve		-	-	-	41,919	(41,919)	-	-	-	-
Cash distribution from capital surplus	6(16)	-	(14,615)	-	-	-	-	-	-	(14,615)
Balance at December 31, 2022		\$ 1,471,535	\$ 830,797	\$ 766,835	\$ 204,724	\$ 311,783	(\$ 26,838)	\$ 1,897	(\$ 22,663)	\$ 3,538,070
Year ended December 31, 2023										
Balance at January 1, 2023		\$ 1,471,535	\$ 830,797	\$ 766,835	\$ 204,724	\$ 311,783	(\$ 26,838)	\$ 1,897	(\$ 22,663)	\$ 3,538,070
Net income for the year ended December 31, 2023		-	-	-	-	311,469	-	-	-	311,469
Other comprehensive (loss) income for the year ended December 31, 2023	6(18)	-	-	-	-	(716)	(8,938)	5,138	-	(4,516)
Total comprehensive income (loss) for the year ended December 31, 2023		-	-	-	-	310,753	(8,938)	5,138	-	306,953
Distribution of 2022 net income:										
Legal reserve		-	-	31,178	-	(31,178)	-	-	-	-
Special reserve		-	-	-	(179,783)	179,783	-	-	-	-
Cash dividends	6(17)	-	-	-	-	(146,154)	-	-	-	(146,154)
Retirement of treasury shares	6(15)	(10,000)	(6,266)	-	-	(6,397)	-	-	22,663	-
Balance at December 31, 2023		\$ 1,461,535	\$ 824,531	\$ 798,013	\$ 24,941	\$ 618,590	(\$ 35,776)	\$ 7,035	\$ -	\$ 3,698,869

The accompanying notes are an integral part of these parent company only financial statements.

TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 335,601	\$ 311,804
Adjustments			
Adjustments to reconcile profit (loss)			
Foreign currency exchange loss		779	3,758
Gain on financial assets and liabilities at fair value through profit or loss	6(22)	(224)	(32)
Loss on disposal of investments		115	-
Expected credit losses	12	2,052	5,380
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(7)	(292,029)	(154,009)
Reclassification of exchange loss arising from disposal of investments	6(18)(22)	-	4,658
Depreciation	6(8)(10)(24)	14,041	12,660
(Gain) loss on disposal of property, plant and equipment	6(22)	(870)	33
Loss on disposal of investment property	6(22)	-	3
Amortisation	6(11)(24)	9,198	8,358
Prepayment for equipment transferred to expenses		17	-
Interest income	6(20)	(5,970)	(2,786)
Dividend income	6(21)	-	(12)
Interest expense	6(23)	10,543	13,674
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		891	(511)
Accounts receivable		(475)	(62,889)
Other receivables		1,306	(723)
Other receivables - related parties		747	390
Inventories		(85,458)	129,464
Prepayments		10,916	93,571
Net defined benefit assets - non-current		(1,872)	(3,343)
Changes in operating liabilities			
Contract liabilities - current		1,395	(5,053)
Notes payable		(712)	(5,163)
Accounts payable		113,090	(99,961)
Accounts payable - related parties		32,612	65,661
Other payables		(6,650)	37,453
Other payables - related parties		20,198	27,114
Advance receipts		(378)	-
Cash inflow generated from operations		158,863	379,499
Dividends received		-	12
Interest received		5,981	2,864
Income tax received		205	-
Interest paid		(10,648)	(13,547)
Income tax paid		(732)	(365)
Net cash flows from operating activities		153,669	368,463

(Continued)

TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

(32)

		Year ended December 31	
	Notes	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortised cost		(\$ 44)	(\$ 43)
Decrease in other receivables - related parties		-	116,256
Decrease in financial assets at fair value through profit or loss - non-current		14	-
Acquisition of investments accounted for under equity method	6(7)	(59,469)	-
Proceeds from liquidation of investments accounted for under equity method	6(7)	-	10,019
Cash paid for acquisition of property, plant and equipment	6(28)	(12,958)	(1,614)
Proceeds from disposal of property, plant and equipment		952	-
Cash paid for acquisition of investment property	6(28)	(1,254)	(3,973)
Cash paid for acquisition of intangible assets	6(28)	(5,208)	(4,081)
Increase in prepayments for equipment		(1,741)	(4,625)
Increase in guarantee deposits paid		(124)	-
Decrease in other non-current assets		615	255
Net cash flows (used in) from investing activities		(79,217)	112,194
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(29)	554,000	596,055
Repayments of short-term borrowings	6(29)	(596,055)	(839,122)
Decrease in short-term notes and bills payable	6(29)	-	(150,000)
Decrease in guarantee deposit received	6(29)	(131)	-
Cash distribution from capital surplus	6(16)	-	(14,615)
Payment of cash dividends	6(17)	(146,154)	-
Net cash flows used in financing activities		(188,340)	(407,682)
Net (decrease) increase in cash and cash equivalents		(113,888)	72,975
Cash and cash equivalents at beginning of year	6(1)	285,148	212,173
Cash and cash equivalents at end of year	6(1)	\$ 171,260	\$ 285,148

The accompanying notes are an integral part of these parent company only financial statements.

TAINAN ENTERPRISES CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

(33) Tainan Enterprises Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other relevant laws and regulations in August 1961. The Company is primarily engaged in manufacturing, retail and export of various kinds of apparels (including woven and knitted garments).

(34) The common shares of the Company had been listed on the Taipei Exchange since April 1999, and have been transferred to be listed on the Taiwan Stock Exchange since September 2000.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 7, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (“IASB”)
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (“IASB”)
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (“IASB”)
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by IASB
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(4) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(5) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit asset recognized based on the net amount of pension fund assets less present

value of defined benefit obligation.

- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, ‘Critical accounting judgements, estimates and key sources of assumption uncertainty’.

(6) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

- A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- D. All foreign exchange gains and losses are presented in the parent company only statement of comprehensive income within ‘Other gains and losses’.

(7) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within 12 months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

(8) Cash equivalents

- A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(9) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(10) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.

- (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

(11) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated costs necessary to make the make the sale. If the cost exceeds net realizable value, valuation loss is accrued and recognized in operating costs. If the net realizable value reverses, valuation is eliminated within credit balance and is recognized as deduction of operating costs.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(14) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase

in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(15) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(16) Leasing arrangements (lessor) — operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(17) Investments accounted for under equity method / subsidiaries and associates

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealized gains or losses on transactions between the Company within the subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an subsidiary equals or exceeds its interest in the subsidiaries, the Company continues recognizing further losses proportionately.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then "Capital surplus" and "Investments accounted for under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- L. According to "Regulations Governing the Preparation of Financial Statements by Securities Issuers", "Profit for the year" and "Other comprehensive income for the year" reported in an entity's parent company only statement of comprehensive income, shall equal to "Profit for the year" and "Other comprehensive income" attributable to owners of the parent reported in that

entity's consolidated statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

(18) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Except for land, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful lives
Buildings (including accessory equipment)	10 ~ 55 years
Machinery equipment	3 ~ 5 years
Utilities equipment	5 ~ 10 years
Transportation equipment	4 ~ 5 years
Office equipment	3 ~ 5 years

(19) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 18 ~ 55 years.

(20) Intangible assets

Computer software is stated at its cost and amortized on a straight-line basis over its estimated useful life of 2 ~ 5 years.

(21) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the

higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(22) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(23) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(24) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(25) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(26) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

obligation is calculated annually by independent actuaries using the projected unit credit method. The Company uses interest rates of government bonds (at the balance sheet date).

- ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(28) Share capital

- A. Ordinary shares are classified as equity.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(29) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(30) Revenue recognition

A. Sales of goods

- (a) Sales are recognized when control of the products has transferred, being when the products are delivered to the client, the client has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the client's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the client, and either the client has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

The Company provides processing and business consulting services. Revenue from delivering services is recognized under the percentage-of-completion method when the outcome of services provided can be estimated reliably. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognized only to the extent that contract costs incurred are likely to be recoverable.

(31) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Financial assets — fair value measurement of unlisted stocks without active market

A. The fair value of unlisted stocks held by the Company that are not traded in an active market is determined considering those companies' financial information, operational planning or prediction of future application. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the financial instruments fair value information.

B. As of December 31, 2023, the carrying amount of unlisted stocks without active market was \$86,825.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(32) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash:		
Cash on hand	\$ 250	\$ 250
Checking accounts and demand deposits	<u>161,010</u>	<u>284,898</u>
	<u>161,260</u>	<u>285,148</u>
Cash equivalents:		
Time deposits	<u>10,000</u>	<u>—</u>
	<u>\$ 171,260</u>	<u>\$ 285,148</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others as of December 31, 2023 and 2022.

(33) Financial assets at fair value through profit or loss

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivatives - forward foreign exchange contracts	\$ 256	\$ 32
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 86,825	\$ 86,954

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	For the years ended December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss	\$ 539	\$ 44

B. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2023	
	Contract amount	
	(notional principal	
	in thousands)	Contract period
Derivative instruments		
Forward foreign exchange selling contracts	USD 1,000	Dec., 2023 ~ Jan., 2024

	December 31, 2022	
	Contract amount	
	(notional principal	
	in thousands)	Contract period
Derivative instruments		
Forward foreign exchange selling contracts	USD 900	Dec., 2022 ~ Feb., 2023

The Company entered into forward foreign exchange contracts to hedge exchange rate risk from operating activities. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Company has no financial assets at fair value through profit or loss pledged to others as of December 31, 2023 and 2022.

(34) Financial assets at amortized cost – non-current

	December 31, 2023	December 31, 2022
Bonds	\$ 30,195	\$ 30,717

- A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	For the years ended December 31,	
	2023	2022
Interest income	\$ 1,173	\$ 1,238

- B. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Company were approximately equal to its carrying amounts.
- C. The Company has no financial assets at amortized cost pledged to others as of December 31, 2023 and 2022.
- D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2), 'Financial instruments'.

(35) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ –	\$ 891
Accounts receivable	\$ 1,162,423	\$ 1,162,144
Less: Allowance for uncollectible accounts	(8,604)	(6,748)
	<u>\$ 1,153,819</u>	<u>\$ 1,155,396</u>

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ –	\$ 1,154,930	\$ 891	\$ 1,161,193
Up to 30 days	–	–	–	76
31 to 90 days	–	7,493	–	58
Over 91 days	–	–	–	817
	<u>\$ –</u>	<u>\$ 1,162,423</u>	<u>\$ 891</u>	<u>\$ 1,162,144</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers (including related parties) amounted to \$1,102,577.
- C. The Company does not hold any collateral pledged for notes and accounts receivable as of December 31, 2023 and 2022.
- D. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes receivable and accounts receivable held by the Company were its carrying amounts.

E. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(36) Inventories

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 316,565	\$ –	\$ 316,565
Work in progress	381,611	–	381,611
Merchandise	3,148	–	3,148
	<u>\$ 701,324</u>	<u>\$ –</u>	<u>\$ 701,324</u>

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 180,763	\$ –	\$ 180,763
Work in progress	388,191	–	388,191
Finished goods	46,912	–	46,912
	<u>\$ 615,866</u>	<u>\$ –</u>	<u>\$ 615,866</u>

The cost of inventories recognized as expense:

For the years ended December 31,			
	2023	2022	
Cost of goods sold	\$ 5,838,998	\$ 6,821,030	
Income from sale of scraps	(8,045)	(16,030)	
	<u>\$ 5,830,953</u>	<u>\$ 6,805,000</u>	

(37) Financial assets at fair value through other comprehensive income – non-current

Items	December 31, 2023	December 31, 2022
Equity instruments		
Listed stocks	\$ 1,452	\$ 1,452
Valuation adjustment	(907)	(843)
	<u>\$ 545</u>	<u>\$ 609</u>

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$545 and \$609 as of December 31, 2023 and 2022, respectively.

B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

For the years ended December 31,		
	2023	2022
Fair value change	(\$ 64)	(\$ 30)

- C. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was the book value.
- D. The Company has no financial assets at fair value through other comprehensive income pledged to others as of December 31, 2023 and 2022.
- E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2), 'Financial instruments'.

(38) Investments accounted for under equity method

A. Movements of investments accounted for under equity method:

	For the years ended December 31,	
	2023	2022
At January 1	\$ 2,124,315	\$ 1,794,164
Acquisition of investments accounted for under equity method	59,469	–
Proceeds from liquidation of investments accounted for under equity method	–	(10,019)
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	292,029	154,009
Share of other comprehensive income of associates and joint ventures accounted for under equity method	5,985	9,618
Exchange differences on translation of foreign financial statements	(8,938)	176,543
At December 31	<u>\$ 2,472,860</u>	<u>\$ 2,124,315</u>

B. Details of investments accounted for under equity method are as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	<u>\$ 2,472,860</u>	<u>\$ 2,124,315</u>

C. Subsidiaries

For more information regarding the subsidiaries of the Company, refer to Note 4(3) "Basis of consolidation" of the consolidated financial statements of 2023.

D. Joint venture

The Company's joint venture, New Premium Enterprise Co., Ltd., was liquidated and dissolved during the third quarter of 2022. Consequently, the remaining capital amounting to \$10,019 was returned to the Company after the completion of the liquidation procedures.

- E. As of December 31, 2023 and 2022, the Company has no investment accounted for under equity method pledged to others as collateral.

(39) Property, plant and equipment

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation and office equipment	Total
<u>January 1, 2023</u>						
Cost	\$ 258,971	\$ 232,861	\$ 10,334	\$ 382	\$ 32,028	\$ 534,576
Accumulated depreciation	–	(126,371)	(6,628)	(227)	(24,140)	(157,366)
	<u>\$ 258,971</u>	<u>\$ 106,490</u>	<u>\$ 3,706</u>	<u>\$ 155</u>	<u>\$ 7,888</u>	<u>\$ 377,210</u>
<u>For the year ended December 31, 2023</u>						
At January 1	\$ 258,971	\$ 106,490	\$ 3,706	\$ 155	\$ 7,888	\$ 377,210
Additions	–	743	999	–	10,546	12,288
Transferred from prepayment for equipment	–	–	–	–	2,970	2,970
Depreciation	–	(5,198)	(1,873)	(33)	(4,762)	(11,866)
Disposals - cost	–	–	(2,458)	(244)	(5,338)	(8,040)
- accumulated depreciation	–	–	2,443	244	5,271	7,958
At December 31	<u>\$ 258,971</u>	<u>\$ 102,035</u>	<u>\$ 2,817</u>	<u>\$ 122</u>	<u>\$ 16,575</u>	<u>\$ 380,520</u>
<u>December 31, 2023</u>						
Cost	\$ 258,971	\$ 233,604	\$ 8,875	\$ 138	\$ 40,206	\$ 541,794
Accumulated depreciation	–	(131,569)	(6,058)	(16)	(23,631)	(161,274)
	<u>\$ 258,971</u>	<u>\$ 102,035</u>	<u>\$ 2,817</u>	<u>\$ 122</u>	<u>\$ 16,575</u>	<u>\$ 380,520</u>

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation and office equipment	Total
<u>January 1, 2022</u>						
Cost	\$ 258,971	\$ 239,270	\$ 10,288	\$ 243	\$ 31,169	\$ 539,941
Accumulated depreciation	<u>–</u>	<u>(127,564)</u>	<u>(5,404)</u>	<u>(193)</u>	<u>(20,871)</u>	<u>(154,032)</u>
	<u>\$ 258,971</u>	<u>\$ 111,706</u>	<u>\$ 4,884</u>	<u>\$ 50</u>	<u>\$ 10,298</u>	<u>\$ 385,909</u>
<u>For the year ended December 31, 2022</u>						
At January 1	\$ 258,971	\$ 111,706	\$ 4,884	\$ 50	\$ 10,298	\$ 385,909
Additions	–	–	670	139	1,174	1,983
Depreciation	–	(5,213)	(1,827)	(34)	(3,575)	(10,649)
Disposals - cost	–	(6,409)	(624)	–	(315)	(7,348)
- accumulated depreciation	<u>–</u>	<u>6,406</u>	<u>603</u>	<u>–</u>	<u>306</u>	<u>7,315</u>
At December 31	<u>\$ 258,971</u>	<u>\$ 106,490</u>	<u>\$ 3,706</u>	<u>\$ 155</u>	<u>\$ 7,888</u>	<u>\$ 377,210</u>
<u>December 31, 2022</u>						
Cost	\$ 258,971	\$ 232,861	\$ 10,334	\$ 382	\$ 32,028	\$ 534,576
Accumulated depreciation	<u>–</u>	<u>(126,371)</u>	<u>(6,628)</u>	<u>(227)</u>	<u>(24,140)</u>	<u>(157,366)</u>
	<u>\$ 258,971</u>	<u>\$ 106,490</u>	<u>\$ 3,706</u>	<u>\$ 155</u>	<u>\$ 7,888</u>	<u>\$ 377,210</u>

- A. The Company's property, plant and equipment are all occupied by the owner for operating purpose as of December 31, 2023 and 2022.
- B. The Company has not capitalized any interest for the years ended December 31, 2023 and 2022.
- C. The Company has no property, plant and equipment pledged to others as of December 31, 2023 and 2022.

(40) Leasing arrangements – lessor

- A. The Company leases various assets including investment property. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.
- B. For the years ended December 31, 2023 and 2022, the Company recognized rent income in the amounts of \$2,583 and \$2,687, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Within 1 year	\$ 1, 555	\$ 2, 228
1 ~ 5 years	5, 765	480
Over 5 years	241	361
	<u>\$ 7, 561</u>	<u>\$ 3, 069</u>

(41) Investment property - net

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>January 1, 2023</u>			
Cost	\$ 95, 130	\$ 72, 528	\$ 167, 658
Accumulated depreciation	–	(30, 215)	(30, 215)
	<u>\$ 95, 130</u>	<u>\$ 42, 313</u>	<u>\$ 137, 443</u>
<u>For the year ended December 31, 2023</u>			
At January 1	\$ 95, 130	\$ 42, 313	\$ 137, 443
Additions	–	1, 666	1, 666
Depreciation	–	(2, 175)	(2, 175)
At December 31	<u>\$ 95, 130</u>	<u>\$ 41, 804</u>	<u>\$ 136, 934</u>
<u>December 31, 2023</u>			
Cost	\$ 95, 130	\$ 74, 194	\$ 169, 324
Accumulated depreciation	–	(32, 390)	(32, 390)
	<u>\$ 95, 130</u>	<u>\$ 41, 804</u>	<u>\$ 136, 934</u>

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>January 1, 2022</u>			
Cost	\$ 95,130	\$ 69,628	\$ 164,758
Accumulated depreciation	–	(30,125)	(30,125)
	<u>\$ 95,130</u>	<u>\$ 39,503</u>	<u>\$ 134,633</u>
<u>For the year ended December 31, 2022</u>			
At January 1	\$ 95,130	\$ 39,503	\$ 134,633
Additions	–	4,227	4,227
Transferred from prepayments for equipment	–	597	597
Depreciation	–	(2,011)	(2,011)
Disposals - cost	–	(1,924)	(1,924)
- accumulated depreciation	–	1,921	1,921
At December 31	<u>\$ 95,130</u>	<u>\$ 42,313</u>	<u>\$ 137,443</u>
<u>December 31, 2022</u>			
Cost	\$ 95,130	\$ 72,528	\$ 167,658
Accumulated depreciation	–	(30,215)	(30,215)
	<u>\$ 95,130</u>	<u>\$ 42,313</u>	<u>\$ 137,443</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Rental income from investment property (listed as “Other income”)	<u>\$ 2,487</u>	<u>\$ 2,591</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 2,175</u>	<u>\$ 2,011</u>

B. The fair value of the investment property held by the Company as of December 31, 2023 and 2022 were \$472,473 and \$412,147, respectively. Valuations were made based on most recent transaction prices of similar and comparable properties and official price, which is categorized within Level 2 in the fair value hierarchy.

C. The Company has not capitalised any interest for the years ended December 31, 2023 and 2022.

D. The Company has no investment property pledged to others as of December 31, 2023 and 2022.

(42) Intangible assets

	For the years ended December 31,	
	2023	2022
<u>January 1</u>		
Cost	\$ 32,026	\$ 29,020
Accumulated amortization	(19,009)	(13,289)
	<u>\$ 13,017</u>	<u>\$ 15,731</u>
At January 1	\$ 13,017	\$ 15,731
Additions — acquired separately	4,575	4,714
Transferred from prepayments for equipment	1,639	930
Amortization	(9,198)	(8,358)
Disposals - cost	(6,966)	(2,638)
- accumulated amortization	6,966	2,638
At December 31	<u>\$ 10,033</u>	<u>\$ 13,017</u>
<u>December 31</u>		
Cost	\$ 31,274	\$ 32,026
Accumulated amortization	(21,241)	(19,009)
	<u>\$ 10,033</u>	<u>\$ 13,017</u>

A. Details of amortization on intangible assets are as follows:

	For the years ended December 31,	
	2023	2022
General and administrative expenses	<u>\$ 9,198</u>	<u>\$ 8,358</u>

B. The Company has not capitalized any borrowing costs for the years ended December 31, 2023 and 2022.

C. The Company has no intangible assets pledged to others as collateral as of December 31, 2023 and 2022.

(43) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured bank borrowings	<u>\$ 554,000</u>	1.56%~1.7%	None
Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured bank borrowings	<u>\$ 595,842</u>	1.39%~5.99%	None

Refer to Note 6(23), “Finance costs” for more information about interest expense recognized by the Company for the years ended December 31, 2023 and 2022.

(44) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accrued salaries and bonuses	\$ 100,391	\$ 94,359
Employees' compensation and directors' remuneration payable	10,600	10,600
Accrued freight	8,351	8,069
Accrued labor insurance and health insurance fee	5,590	5,780
Accrued pension expense	2,500	2,619
Import/export (customs) expense payable	1,987	2,336
Accrued processing fee	1,433	1,087
Others	12,199	25,847
	<u>\$ 143,051</u>	<u>\$ 150,697</u>

(45) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 7.5% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. The information on the Company's defined benefit pension plan is as follows:

(a) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 74,323)	(\$ 72,260)
Fair value of plan assets	<u>77,479</u>	<u>75,418</u>
Net defined benefit assets	<u>\$ 3,156</u>	<u>\$ 3,158</u>

(b) Movements in net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
At January 1, 2023	(\$ 72,260)	\$ 75,418	\$ 3,158
Current service cost	(168)	–	(168)
Interest (expense) income	(940)	980	40
	(73,368)	76,398	3,030
Remeasurements:			
Return on plan assets	–	328	328
Change in financial assumptions	(475)	–	(475)
Experience adjustments	(1,727)	–	(1,727)
	(2,202)	328	(1,874)
Pension fund contribution	–	2,000	2,000
Paid pension	1,247	(1,247)	–
At December 31, 2023	<u>(\$ 74,323)</u>	<u>\$ 77,479</u>	<u>\$ 3,156</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
At January 1, 2022	(\$ 81,021)	\$ 71,948	(\$ 9,073)
Current service cost	(194)	–	(194)
Interest (expense) income	(567)	504	(63)
	(81,782)	72,452	(9,330)
Remeasurements:			
Return on plan assets	–	6,045	6,045
Change in financial assumptions	3,151	–	3,151
Experience adjustments	(308)	–	(308)
	2,843	6,045	8,888
Pension fund contribution	–	3,600	3,600
Paid pension	6,679	(6,679)	–
At December 31, 2022	<u>(\$ 72,260)</u>	<u>\$ 75,418</u>	<u>\$ 3,158</u>

- (c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.
- (d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2023	2022
Discount rate	1.20%	1.30%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience according to Taiwan Life Insurance Industry 6th Mortality Table for the years ended December 31, 2023 and 2022.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 1,177)	\$ 1,211	\$ 1,027	(\$ 1,005)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 1,247)	\$ 1,285	\$ 1,105	(\$ 1,079)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plan of the Company for the next year amount to \$1,200.

(f) As of December 31, 2023, the weighted average duration of the retirement plan is 7 years.

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were \$13,395 and \$12,076, respectively.

(46) Share capital

A. Movements in the number of the Company’s ordinary shares outstanding are as follows:

(Units: in thousand shares)

	For the years ended December 31,	
	2023	2022
Beginning and ending balance	<u>146,154</u>	<u>146,154</u>

B. As of December 31, 2023, the Company’s authorized capital was \$2,000,000 (including \$100,000 thousand shares reserved for employee stock options) and paid-in capital was \$1,461,535, consisting of 146,154 thousand shares of ordinary stock with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company’s treasury shares are as follows: (Units: in thousand shares)

Reason for reacquisition	For the year ended December 31, 2023			
	Beginning Balance	Additions	Decrease	Ending Balance
To be reissued to employees	<u>1,000</u>	<u>–</u>	<u>(1,000)</u>	<u>–</u>
Reason for reacquisition	For the year ended December 31, 2022			
	Beginning Balance	Additions	Decrease	Ending Balance
To be reissued to employees	<u>1,000</u>	<u>–</u>	<u>–</u>	<u>1,000</u>

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company’s issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. The balance of

treasury shares after reacquisition and reissue to employees of the Company for the years ended December 31, 2023 and 2022 were \$ — and \$22,663, respectively.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired.

D. On November 8, 2022, the Board of Directors of the Company resolved to retire treasury shares in the amount of 1,000 thousand shares, and the effective date for the capital reduction was set on May 22, 2023. The registration for the change was completed on June 5, 2023, and the retired treasury shares amounted to \$22,663. When the Company retired treasury shares, the Company debited common stock and capital surplus based on shareholding ratio amounting to \$10,000 and \$6,266, respectively, and the insufficient balance of \$6,397 was written off against retained earnings.

(47) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Movements of the Company's capital surplus for the years ended December 31, 2023 and 2022 are as follows:

For the year ended	Share	Difference	Changes in	Change in	Expired		
December 31, 2023	premium	between the	ownership	equity of	employee	Others	Total
		acquisition or	interests in	subsidiaries,	stock		
		disposal price	subsidiaries	associates and			
		and carrying		joint ventures	option		
		amount of		accounted for			
		subsidiaries		under equity			
At January 1	\$ 741, 449	\$ 20, 166	\$ 46, 042	\$ 12, 814	\$ 1, 252	\$ 9, 074	\$ 830, 797
Retirement of	(5, 014)	—	—	—	(1, 252)	—	(6, 266)
treasury shares							
At December 31	<u>\$ 736, 435</u>	<u>\$ 20, 166</u>	<u>\$ 46, 042</u>	<u>\$ 12, 814</u>	<u>\$ —</u>	<u>\$ 9, 074</u>	<u>\$ 824, 531</u>

For the year ended	Share	Difference between the acquisition or disposal price and carrying amount of	Changes in ownership interests in	Change in equity of subsidiaries, associates and joint ventures accounted for under equity	Expired employee stock option	Others	Total
December 31, 2022	premium	subsidiaries	subsidiaries	method			
At January 1	\$ 756, 064	\$ 20, 166	\$ 46, 042	\$ 12, 814	\$ 1, 252	\$ 9, 074	\$ 845, 412
Cash distribution from capital surplus	(14, 615)	-	-	-	-	-	(14, 615)
At December 31	<u>\$ 741, 449</u>	<u>\$ 20, 166</u>	<u>\$ 46, 042</u>	<u>\$ 12, 814</u>	<u>\$ 1, 252</u>	<u>\$ 9, 074</u>	<u>\$ 830, 797</u>

C. Information on the capital surplus written-off due to the retirement of treasury stocks is in Note 6(15), 'Share Capital'.

D. The Company recognized the cash disbursement from capital surplus of \$14,615 (\$0.1 (in dollars) per share) in 2022.

(48) Retained earnings

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

B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations. The remainder, if any, shall be the current distributable earnings. The current distributable earnings along with the unappropriated earnings in the prior year shall be the accumulated distributable earnings which shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders. The Company's dividend policy shall take into account current and future development plan, investment environment, capital needs, domestic and foreign competition, and capital budget, etc. along with shareholders' interests. Each year, at least 30% of the current distributable earnings shall be appropriated as dividends. The dividends can be distributed in the form of cash or shares and cash dividends shall account for at least 10% of the total dividends distributed.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. For the years ended December 31, 2023 and 2022, the Company distributed cash dividends to owners in the amount of \$146,154 (\$1 (in dollars) per share) and \$—, respectively. On March 7, 2024, the Board of Directors proposed for the distribution of cash dividends from 2023 earnings in the amount of \$175,384 (\$1.2 (in dollars) per share).

E. Information on the retained earnings written-off due to the retirement of treasury stocks is in Note 6(15), 'Share Capital'.

(49) Other equity items

For the year ended December 31, 2023	Currency translation difference	Financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 26, 838)	\$ 1, 897	(\$ 24, 941)
Currency translation differences:			
–The Company	(8, 796)	–	(8, 796)
–Subsidiaries	(142)	–	(142)
Unrealized valuation gains or losses of financial assets at fair value through other comprehensive income			
–The Company	–	(64)	(64)
–Subsidiaries	–	5, 202	5, 202
At December 31	<u>(\$ 35, 776)</u>	<u>\$ 7, 035</u>	<u>(\$ 28, 741)</u>

For the year ended December 31, 2022	Currency translation difference	Financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 208,039)	(\$ 4,052)	(\$ 212,091)
Currency translation differences:			
–The Company	176,534	–	176,534
–Subsidiaries	9	–	9
Currency translation differences reclassified as gains or losses on disposals of investments due to the completion of liquidation of joint ventures	4,658	–	4,658
Unrealized valuation gains or losses of financial assets at fair value through other comprehensive income			
–The Company	–	(30)	(30)
–Subsidiaries	–	5,979	5,979
At December 31	<u>(\$ 26,838)</u>	<u>\$ 1,897</u>	<u>(\$ 24,941)</u>

(50) Operating revenue

A. The Company derives revenue from the transfer of goods and services over time and at a point in time. Revenue is mainly from various kinds of apparels and consultation services.

	For the years ended December 31,	
	2023	2022
Timing of revenue recognition		
At a point in time		
Sales revenue	\$ 6,032,850	\$ 7,027,734
Over time		
Services revenue	252,372	294,139
	<u>\$ 6,285,222</u>	<u>\$ 7,321,873</u>

B. The Company has recognized the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities - current	<u>\$ 3,816</u>	<u>\$ 2,421</u>	<u>\$ 7,474</u>
	For the years ended December 31,		
	2023	2022	
Revenue recognized that was included in the contract liability balance at the beginning of the year - receipts in advance	<u>\$ 2,421</u>	<u>\$ 7,474</u>	

(51) Interest income

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 4,797	\$ 1,548
Interest income from financial assets measured at amortised cost	1,173	1,238
	<u>\$ 5,970</u>	<u>\$ 2,786</u>

(52) Other income

	For the years ended December 31,	
	2023	2022
Rental income	\$ 2,583	\$ 2,687
Government grants income	1,539	548
Dividend income	–	12
Collection of write-offs	–	21,074
Others	6,204	4,737
	<u>\$ 10,326</u>	<u>\$ 29,058</u>

(53) Other gains and losses

	For the years ended December 31,	
	2023	2022
Net gains on financial assets and liabilities at fair value through profit or loss	\$ 224	\$ 32
Net currency exchange gain	29,800	112,339
Gain on disposal of investments	315	–
Reclassification of exchange loss arising from disposal of investments	– (	4,658)
Net gain (loss) on disposal of property, plant and equipment	870 (	33)
Net loss on disposal of investment property	– (	3)
Other losses	(2,175)	(2,011)
	<u>\$ 29,034</u>	<u>\$ 105,666</u>

(54) Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense:		
Bank borrowings	<u>\$ 10,543</u>	<u>\$ 13,674</u>

(55) Expenses by nature

For the year ended December 31, 2023			
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expenses	\$ 39,794	\$ 293,733	\$ 333,527
Depreciation charges on property, plant and equipment	1,200	10,666	11,866
Depreciation charges on investment property (note)	–	2,175	2,175
Amortization charges on intangible assets	–	9,198	9,198
	<u>\$ 40,994</u>	<u>\$ 315,772</u>	<u>\$ 356,766</u>
For the year ended December 31, 2022			
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expenses	\$ 35,590	\$ 309,970	\$ 345,560
Depreciation charges on property, plant and equipment	1,200	9,449	10,649
Depreciation charges on investment property (note)	–	2,011	2,011
Amortization charges on intangible assets	–	8,358	8,358
	<u>\$ 36,790</u>	<u>\$ 329,788</u>	<u>\$ 366,578</u>

(Note) Listed as ‘Other gains and losses’

(56) Employee benefit expense

For the year ended December 31, 2023			
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 33,025	\$ 248,397	\$ 281,422
Labor and health insurance expenses	3,622	22,339	25,961
Pension costs	1,195	12,328	13,523
Directors’ remuneration	–	6,600	6,600
Other personnel expenses	1,952	4,069	6,021
	<u>\$ 39,794</u>	<u>\$ 293,733</u>	<u>\$ 333,527</u>

	For the year ended December 31, 2022		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 29,400	\$ 264,240	\$ 293,640
Labor and health insurance expenses	3,276	22,779	26,055
Pension costs	1,157	11,176	12,333
Directors' remuneration	–	6,600	6,600
Other personnel expenses	1,757	5,175	6,932
	<u>\$ 35,590</u>	<u>\$ 309,970</u>	<u>\$ 345,560</u>

- A. For the years ended December 31, 2023 and 2022, the average number of employees of the Company were 376 and 428 employees, respectively, including 9 non-employee directors for both years.
- B. The average employee benefit expenses per employee were \$891 and \$809, while average wages and salaries per employee were \$767 and \$701 for the years ended December 31, 2023 and 2022, respectively. The average wages and salaries for the year ended December 31, 2023 increased approximately by 9.42% compared to the year ended December 31, 2022.
- C. Since the Company has set up an audit committee, there was no supervisors' remuneration for the years ended December 31, 2023 and 2022.
- D. In accordance with the Articles of Incorporation of the Company and relevant internal management regulations, for remuneration of directors and managerial officers, the remuneration committee of the Company shall evaluate performance assessments and compensation levels of directors and managerial officers by taking into account the general pay levels in the industry and the reasonableness of the correlation between the individual's performance, the Company's operational performance and future risk exposure; compensation of employees was set according to personal ability, participation and value of contribution in the Company's operations and has positive correlations to operation performance.
- E. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' remuneration.
- F. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$4,000 for both years; while directors' remuneration was accrued at \$6,600 for both years. The aforementioned amounts were recognized in salary expenses. The expenses recognized for the year were accrued based on the earnings of current year distributable and the percentage prescribed by the Company's Articles of Incorporation. The employees' compensation and directors' remuneration resolved by the Board of Directors on March 7, 2024 were \$4,000 and \$6,600 for the year ended December 31, 2023, and the employees' compensation will be distributed in the form of cash. According to the resolution of the Board of Directors on March

21, 2023, the resolution was in agreement with those amounts recognized in the 2022 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board Directors will be posted in the "Market Observation Post System" on the website of the Taiwan Stock Exchange.

(57) Income tax

A. Income tax (benefit) expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2023	2022
Current income tax:		
Income tax incurred in current year	\$ 112	\$ 365
Tax on undistributed surplus earnings	9,150	–
Prior year income tax underestimation	2	–
	<u>9,264</u>	<u>365</u>
Deferred income tax:		
Origination and reversal of temporary differences	14,868	10,407
Income tax expense	<u>\$ 24,132</u>	<u>\$ 10,772</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2023	2022
Remeasurement on defined benefit obligations	(\$ <u>375</u>)	\$ <u>1,778</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 67,120	\$ 62,361
Effect from items disallowed by tax regulation	(52,656)	(20,786)
Expenses disallowed by tax regulation	516	8
Effect from tax exempt income by tax regulation	–	(30,811)
Tax on undistributed surplus earnings	9,150	–
Prior year income tax underestimation	2	–
Income tax expense	<u>\$ 24,132</u>	<u>\$ 10,772</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

For the year ended December 31, 2023				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Unrealized loss on currency exchange	\$ 21,333	(\$ 15,036)	\$ –	\$ 6,297
Unused compensated absences	1,903	(2)	–	1,901
Pensions	1,076	(374)	375	1,077
Unrealized loss on investment	4,780	–	–	4,780
Allowance for doubtful accounts	–	417	–	417
Tax losses	5,424	127	–	5,551
	<u>\$ 34,516</u>	<u>(\$ 14,868)</u>	<u>\$ 375</u>	<u>\$ 20,023</u>
Deferred tax liabilities:				
Temporary differences:				
Incremental tax on land revaluation	(\$ 33,178)	\$ –	\$ –	(\$ 33,178)
Unrealized gain on investment	(6,564)	–	–	(6,564)
	<u>(\$ 39,742)</u>	<u>\$ –</u>	<u>\$ –</u>	<u>(\$ 39,742)</u>
	<u>(\$ 5,226)</u>	<u>(\$ 14,868)</u>	<u>\$ 375</u>	<u>(\$ 19,719)</u>

For the year ended December 31, 2022				
			Recognized in other comprehensive income	
	January 1	Recognized in profit or loss		December 31
Deferred tax assets:				
Temporary differences:				
Unused compensated absences	\$ 1,900	\$ 3	\$ –	\$ 1,903
Pensions	3,522	(668)	(1,778)	1,076
Unrealized loss on currency exchange	4,538	16,795	–	21,333
Unrealized loss on investment	14,774	(9,994)	–	4,780
Tax losses	21,967	(16,543)	–	5,424
	<u>\$ 46,701</u>	<u>(\$ 10,407)</u>	<u>(\$ 1,778)</u>	<u>\$ 34,516</u>

Deferred tax liabilities:				
Temporary differences:				
Incremental tax on land revaluation	(\$ 33,178)	\$ –	\$ –	(\$ 33,178)
Unrealized gain on investment	(6,564)	–	–	(6,564)
	<u>(\$ 39,742)</u>	<u>\$ –</u>	<u>\$ –</u>	<u>(\$ 39,742)</u>
	<u>\$ 6,959</u>	<u>(\$ 10,407)</u>	<u>(\$ 1,778)</u>	<u>(\$ 5,226)</u>

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed /assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2020	\$ 94,679	\$ 14,959	\$ –	2030
2021	10,117	10,117	–	2031
2023	2,680	2,680	–	2033

December 31, 2022				
Year incurred	Amount filed /assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2020	\$ 95,194	\$ 15,529	\$ –	2030
2021	11,591	11,591	–	2031

E. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences		
Unrealized loss on investment	\$ 640,808	\$ 932,837
Allowance for doubtful accounts that exceeded the allowable tax limit	<u>10,281</u>	<u>10,281</u>
	<u>\$ 651,089</u>	<u>\$ 943,118</u>

F. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. There were no disputes existing between the Company and the Tax Authority as of March 7, 2024.

(58) Earnings per share

	<u>For the year ended December 31, 2023</u>		
		Weighted average number of ordinary shares outstanding	Earnings per share
	<u>Amount after tax</u>	<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 311,469</u>	<u>146,154</u>	<u>\$ 2.13</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 311,469	146,154	
Employees' compensation	<u>–</u>	<u>178</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 311,469</u>	<u>\$ 146,332</u>	<u>\$ 2.13</u>

For the year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic and diluted loss per share</u>			
Profit attributable to ordinary shareholders	\$ 301,032	146,154	\$ 2.06
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 301,032	146,154	
Employees' compensation	—	191	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 301,032	\$ 146,345	\$ 2.06

(59) Supplemental cash flow information

A. Investing activities with partial cash payments:

For the years ended December 31,			
	2023	2022	
(a) Acquisition of property, plant and equipment	\$ 12,288	\$ 1,983	
Add: Beginning balance of payable for equipment (listed as "Other payables")	670	301	
Less: Ending balance of payable for equipment (listed as "Other payables")	—	(670)	
Cash paid for acquisition of property, plant and equipment	\$ 12,958	\$ 1,614	
For the years ended December 31,			
	2023	2022	
(b) Acquisition of investment property	\$ 1,666	\$ 4,227	
Add: Beginning balance of payable for equipment (listed as "Other payables")	254	—	
Less: Ending balance of payable for equipment (listed as "Other payables")	(666)	(254)	
Cash paid for investment property	\$ 1,254	\$ 3,973	

	For the years ended December 31,	
	2023	2022
(c) Acquisition of intangible assets	\$ 4, 575	\$ 4, 714
Add: Beginning balance of payable for equipment (listed as "Other payables")	633	–
Less: Ending balance of payable for equipment (listed as "Other payables")	–	(633)
Cash paid for acquisition of intangible assets	<u>\$ 5, 208</u>	<u>\$ 4, 081</u>

B. Operating and investing activities with no cash flow effects:

	For the years ended December 31,	
	2023	2022
(a) Write-off of allowance for doubtful accounts	<u>\$ 196</u>	<u>\$ 2, 942</u>
(b) Prepayments for equipment transferred to property, plant and equipment	<u>\$ 2, 970</u>	<u>\$ –</u>
(c) Prepayments for equipment transferred to investment property	<u>\$ –</u>	<u>\$ 597</u>
(d) Prepayments for equipment transferred to intangible assets	<u>\$ 1, 639</u>	<u>\$ 930</u>

(60) Changes in liabilities from financing activities

	Short-term borrowings	Guarantee deposits received	Total liabilities from financing activities
At January 1, 2023	\$ 595, 842	\$ 331	\$ 596, 173
Changes in cash flow from financing activities	(42, 055)	(131)	(42, 186)
Changes in other non-cash items	213	–	213
At December 31, 2023	<u>\$ 554, 000</u>	<u>\$ 200</u>	<u>\$ 554, 200</u>

	Short-term borrowings	Short-term notes and bills payable	Guarantee deposits received	Total liabilities from financing activities
At January 1, 2022	\$ 834, 707	\$ 149, 972	\$ 331	\$ 985, 010
Changes in cash flow from financing activities	(243, 067)	(150, 000)	–	(393, 067)
Changes in other non-cash items	4, 202	28	–	4, 230
At December 31, 2022	<u>\$ 595, 842</u>	<u>\$ –</u>	<u>\$ 331</u>	<u>\$ 596, 173</u>

7. RELATED PARTY TRANSACTIONS

(61) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Tainan Enterprise (BVI) Co., Limited	Subsidiary
P.T.Tainan Enterprises Indonesia	Subsidiary
Tainan Enterprises (Vietnam) Co., Ltd.	Subsidiary
PT. Andalan Mandiri Busana	Subsidiary
Tainan Enterprises (Cambodia) Co., Ltd.	Subsidiary
Beyoung Fashion Co., Ltd.	Subsidiary
Yixing Gaoqing Garments Co., Ltd.	Subsidiary
Gin-Sovann Fashion (Cambodia) Limited	Subsidiary
Tainan Enterprise (Cayman) Co., Ltd.	Associate
Nelson Sport Co., Ltd.	Other related party

(62) Significant related party transactions

A. Operating revenue

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Sales of goods:		
P.T.Tainan Enterprises Indonesia (note)	\$ 4, 091	\$ 5, 934
Other related parties	17, 211	–
	<u>21, 302</u>	<u>5, 934</u>
Sales of services:		
Tainan Enterprises (Cambodia) Co., Ltd.	64, 068	85, 207
P.T.Tainan Enterprises Indonesia	65, 747	71, 823
PT. Andalan Mandiri Busana	52, 523	57, 709
Yixing Gaoqing Garments Co., Ltd.	27, 308	29, 853
Tainan Enterprises (Vietnam) Co., Ltd.	28, 453	30, 427
Gin-Sovann Fahion (Cambodia) Limited	14, 237	19, 077
	<u>252, 336</u>	<u>294, 096</u>
	<u>\$ 273, 638</u>	<u>\$ 300, 030</u>

The collection period for related parties was 60~90 days after the end of each month, and for the third parties was 30 ~ 90 days after the end of each month. Except for the collection periods mentioned above, other terms of sales were the same for related and third parties.

Note: Sales of goods refer to export of materials purchased domestically to overseas plants. The Company does not recognize the amount as sales revenue. Related costs and expenses are also not recorded as profit or loss of the Company.

B. Purchases

	For the years ended December 31,	
	2023	2022
Purchases of goods:		
P.T.Tainan Enterprises Indonesia	\$ 1,466,092	\$ 1,602,570
Associates	223	–
	<u>\$ 1,466,315</u>	<u>\$ 1,602,570</u>

The terms of purchases and payments (due within 3 months) to related parties were the same with the third party suppliers.

C. Processing cost of outsourcing

	For the years ended December 31,	
	2023	2022
Tainan Enterprises (Cambodia) Co., Ltd.	\$ 802,279	\$ 1,053,580
PT. Andalan Mandiri Busana	503,226	548,880
Yixing Gaoqing Garments Co., Ltd.	380,653	445,973
Tainan Enterprises (Vietnam) Co., Ltd.	311,128	347,136
Gin-Sovann Fashion (Cambodia) Limited	184,147	259,136
	<u>\$ 2,181,433</u>	<u>\$ 2,654,705</u>

D. Other income

	For the years ended December 31,	
	2023	2022
Associates	\$ 456	\$ 284
Subsidiaries	24	24
	<u>\$ 480</u>	<u>\$ 308</u>

E. Ending balance of sales of goods and services

	December 31, 2023	December 31, 2022
Accounts receivable:		
Subsidiaries	<u>\$ 4,898</u>	<u>\$ 2,435</u>

The receivables from related parties arise mainly from sale transactions and management service income. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

F. Ending balance of advance payments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable to related parties:		
PT. Andalan Mandiri Busana	\$ –	\$ 1,014
Subsidiaries	331	64
	<u>\$ 331</u>	<u>\$ 1,078</u>
Accounts payable to related parties:		
Subsidiaries	<u>\$ –</u>	<u>\$ 5</u>

G. Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments services to related parties:		
Gin-Sovann Fashion (Cambodia) Limited	<u>\$ –</u>	<u>\$ 13,598</u>

H. Ending balance of purchases of goods and services

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable to related parties:		
Purchases of goods:		
P.T.Tainan Enterprises Indonesia	<u>\$ 216,432</u>	<u>\$ 183,820</u>
Purchases of services:		
Yixing Gaoqing Garments Co., Ltd.	109,805	116,752
PT. Andalan Mandiri Busana	91,615	116,239
Subsidiaries	72,126	20,352
	<u>\$ 273,546</u>	<u>\$ 253,343</u>

The payables to related parties arise mainly from purchase transactions and processing cost of outsourcing. The payables bear no interest.

(63) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 25,490	\$ 25,422
Post-employment benefits	2,591	537
	<u>\$ 28,081</u>	<u>\$ 25,959</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2023 and 2022, the remaining balance due for construction in progress was \$1,585 and \$2,610, respectively.

(2) As of December 31, 2023 and 2022, the unused letters of credit amounted to \$147,948 and \$103,080, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(2) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 86,825	\$ 86,954
Financial asset held for trading	256	32
	<u>\$ 87,081</u>	<u>\$ 86,986</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	<u>\$ 545</u>	<u>\$ 609</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 171,260	\$ 285,148
Financial assets at amortised cost	30,195	30,717
Notes receivable	–	891
Accounts receivable	1,153,819	1,155,396
Other receivables (including related parties)	1,842	3,906
Guarantee deposits paid	310	186
	<u>\$ 1,357,426</u>	<u>\$ 1,476,244</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 554,000	\$ 595,842
Notes payable	2,572	3,284
Accounts payable (including related parties)	472,967	327,265
Other payables (including related parties)	416,597	404,045
Guarantee deposits received	200	331
	<u>\$ 1,446,336</u>	<u>\$ 1,330,767</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates, and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2), "Financial assets at fair value through profit or loss".

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate

affecting cost of forecast inventory purchases.

- iii. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets at fair value through profit or loss are provided in Note 6(2), “Financial assets and liabilities at fair value through profit or loss”.
- iv. The Company risk management policy is to hedge anticipated cash flows (mainly purchase of inventory that are priced in USD) in major foreign currency to reduce the risk position of major currencies.
- v. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Company’s foreign operations is managed primarily through liabilities denominated in the relevant foreign currencies.
- vi. The Company’s businesses involve some non-functional currency operations (the Company’s functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 41,250	30.71	\$ 1,266,798
RMB:NTD	7,862	4.327	34,018
<u>Investment accounted for under equity method</u>			
USD:NTD	79,561	30.71	2,443,362
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	20,359	30.71	625,229
RMB:NTD	25,381	4.327	109,823

	December 31, 2022		
	Foreign currency amount		
	(in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 44,697	30.71	\$ 1,372,651
RMB:NTD	9,394	4.408	41,407
<u>Investment accounted for under equity method</u>			
USD:NTD	68,350	30.71	2,099,015
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	19,172	30.71	588,762
RMB:NTD	26,477	4.408	116,762

Sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated or depreciated by 1% with all other variables held constant, post-tax profit would have increased/decreased by \$5,658 and \$7,085 for the years ended December 31, 2023 and 2022, respectively.

- vii. The total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company, amounted to \$29,800 and \$112,339 for the years ended December 31, 2023 and 2022, respectively.

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had decreased/increased by 1% with all other variables held constant, post-tax profit would have decreased/increased by \$868 and \$870 for the years ended December 31, 2023 and 2022, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$5 and \$6, respectively, as a result of other comprehensive income classified as equity

investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

- i. The Company's main interest rate risk arises from bank borrowings with variable rates, which expose the Company to cash flow interest rate risk, partial interest risk is offset by cash and cash equivalents held at variable rates. The Company's borrowings issued at variable rates were mainly denominated in New Taiwan dollars and US Dollars in 2023 and 2022.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, net of tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$84 and \$109, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
- ii. The Company manages its credit risk taking into consideration the entire entity's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for each of the new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- iii. The Company adopts management of credit risk, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument.
- iv. The Company adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- v. The Company classifies customer's accounts receivable in accordance with credit rating of customer, collaterals, credit risk on trade, etc. The Company applies the simplified approach using the provision matrix, loss rate methodology to estimate expected credit loss. The Company uses the forecast ability of conditions to adjust historical and timely information to assess the default possibility of accounts receivable. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable is follows:

	<u>Expected loss rate</u>	<u>Book value</u>	<u>Allowance</u>
<u>At December 31, 2023</u>			
Group A	0.09%	\$ 1,155,049	\$ 1,230
Individual A	100%	7,374	7,374
Total		<u>\$ 1,162,423</u>	<u>\$ 8,604</u>

<u>At December 31, 2022</u>			
Group A	0.20%	<u>\$ 1,162,144</u>	<u>\$ 6,748</u>

vi. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
At January 1	\$ 6,748	\$ 4,310
Expected credit losses	2,052	5,380
Write-offs	(196)	(2,942)
At December 31	<u>\$ 8,604</u>	<u>\$ 6,748</u>
Collection of write-offs (shown as 'Other income')	<u>\$ -</u>	<u>(\$ 21,074)</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in operating entities of the Company and aggregated by the Company's Finance Department. Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- ii. Surplus cash held by the Company treasury over and above the balance required for working capital management are transferred to the Company's Finance Department. Company's Finance Department invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.
- iii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate:		
Expiring within one year	<u>\$ 3,093,672</u>	<u>\$ 2,886,473</u>

- iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for

nonderivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

December 31, 2023	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$555,624	\$ –	\$ –	\$ –
Notes payable	2,572	–	–	–
Accounts payable	256,535	–	–	–
Accounts payable - related parties	216,432	–	–	–
Other payables	143,051	–	–	–
Other payables - related parties	273,546	–	–	–
Guarantee deposit received	–	200	–	–

December 31, 2022	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$598,692	\$ –	\$ –	\$ –
Notes payable	3,284	–	–	–
Accounts payable	143,445	–	–	–
Accounts payable - related parties	183,820	–	–	–
Other payables	150,697	–	–	–
Other payables - related parties	253,348	–	–	–
Guarantee deposit received	–	331	–	–

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

Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with enough frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset

or liability, either directly or indirectly. The fair value of the Company's investment in forward exchange is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

- B. Fair value information of investment property at cost is provided in Note 6(10) "Investment property - net".
- C. The carrying amounts of the Company's financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables (including related parties), guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables (including related parties) and guarantee deposits received are approximate to their fair values.
- D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:
- (a) The related information on the nature of the assets and liabilities are as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 86,825	\$ 86,825
Forward foreign exchange contracts	-	256	-	256
Financial assets at fair value through other comprehensive income				
Equity securities	545	-	-	545
	<u>\$ 545</u>	<u>\$ 256</u>	<u>\$ 86,825</u>	<u>\$ 87,626</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 86,954	\$ 86,954
Forward foreign exchange contracts	-	32	-	32
Financial assets at fair value through other comprehensive income				
Equity securities	609	-	-	609
	<u>\$ 609</u>	<u>\$ 32</u>	<u>\$ 86,954</u>	<u>\$ 87,595</u>

- (b) The methods and assumptions the Company used to measure fair value are as follows:
- i. The instruments the Company used market quoted prices (closing price of listed shares) as their fair values (that is, Level 1).
 - ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.
 - iii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
 - iv. The market approach (Price-to-Book Ratio, P/B ratio) and asset approach (net book value adjustment) are used by the Company to measure its certain equity investment without active market, which is calculating the ratio of recent identical or similar transaction price to book as an observable input to project the fair value of the disposal group.
- (c) For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2, and there was also no transfer into or out from Level 3.
- (d) The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	Equity securities (Note)	
	For the years ended December 31,	
	2023	2022
At January 1	\$ 86,954	\$ 86,954
Completion of the liquidation	(129)	–
At December 31	<u>\$ 86,825</u>	<u>\$ 86,954</u>

(Note) There is no adjustment of equity securities in Level 3 for the years ended December 31, 2023 and 2022 because the fair value change was insignificant.

- (e) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 95,167	The market approach (Price-to-Book Ratio) / Asset approach (net book value adjustment)	Discount for lack of marketability / Discount for lack of control	30%	The higher the discount for lack of marketability, the lower the fair value and the higher the discount for lack of control, the lower the fair value.

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 92,475	The market approach (Price-to-Book Ratio) / Asset approach (net book value adjustment)	Discount for lack of marketability / Discount for lack of control	30%	The higher the discount for lack of marketability, the lower the fair value and the higher the discount for lack of control, the lower the fair value.

- (f) The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instruments	Discount for lack of marketability and discount for lack of control	±10%				
			\$ 8,586	(\$ 8,586)	\$ –	\$ –
			December 31, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instruments	Discount for lack of marketability and discount for lack of control	±10%				
			\$10,563	(\$ 10,563)	\$ –	\$ –

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2023.

(3) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital or more: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2), “Financial assets at fair value through profit or loss”.

J. Significant inter-company transactions during the reporting periods: Refer to table 5.

Information on investees

Names, locations and other information of investee companies (excluding investees in Mainland China) : Refer to table 6.

Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 8.

Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

Not applicable.

Tainan Enterprises Co., Ltd.
Loans to others
For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

Number	Name	Name of counterparty	Account	Related parties	Maximum balance	Ending balance	Actual amount drawn down	Interest rate	Nature of financial activity	Total transaction amount	Reason for financing	Allowance for doubtful accounts	Assets pledged Item	Value	Loan limit per entity (Note 2)	Maximum amount available for loan (Note 2)	Footnote
1	Tainan Enterprise (BVI) Co., Limited	Tainan Enterprises (Cambodia) Co., Ltd.	Other receivables	Y	\$ 46,065	\$ -	\$ -	-	(Note 1)	\$ -	Financing use	\$ -	-	\$ -	\$ 1,185,656	\$ 1,185,656	-
		PT. Andalan Mandiri Busana	Other receivables	Y	122,840	92,130	67,562	-	(Note 1)	-	Financing use	-	-	-	1,185,656	1,185,656	-
		Tainan Enterprises (Vietnam) Co., Ltd.	Other receivables	Y	337,810	245,680	173,512	-	(Note 1)	-	Financing use	-	-	-	1,185,656	1,185,656	-
		Yong Jeng International Co., Ltd.	Other receivables	N	61,420	61,420	45,790	4%	(Note 1)	-	Financing use	-	-	-	444,621	444,621	-

Note 1: Nature of loans to others is filled for short-term financing.

Note 2: In accordance with the provisions of the operating procedures for loaning to others, the calculation of the capital loan limit of individual objects and the total limit of capital loan is as follows:

1. Loan total limit: 40% of the net worth in the most recent financial report, but only if financing is necessary, 30% of the net worth in the most recent financial report.

2. Limit for a single company

(1) Trading partner: each company does not exceed the amount of business transactions.

(2) Short-term financing: each company does not exceed 30% net worth of its most recent financial report.

(3) Capital loans to foreign companies of the Republic of China that directly or indirectly hold 100% of the voting shares by the same parent company shall not exceed 80% of the net worth of the company's most recent financial report.

(4) In the case of (1) and (2) above, the limit shall be calculated in combination, but shall not exceed the total limit of loans.

Note 3: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:30.71; CNY:USD 1:0.1407).

Tainan Enterprises Co., Ltd.

Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures)

December 31, 2023

Table 2

Expressed in thousands of NTD

Investor	Type and name of securities	Relationship with the securities issuer	General ledger account (Note 1)	Ending balance				Footnote
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value	
Tainan Enterprises Co., Ltd.	Bonds:							
	DEUTSCHE BANK AG 3.6615% DUE 10 APR 2025	—	2	-	\$ 30,195	-	\$ 30,195	—
	Stocks:							
	KOCHE DEVELOPMENT CO., LTD.	Substantive related parties	3	4,969	60,939	13.58%	62,016	—
	KOCHE GLOBAL CO., LTD.	Substantive related parties	3	4,350	25,886	10.73%	33,151	—
Tainan Enterprise (BVI) Co., Limited	DELTAMAC (TAIWAN) CO., LTD.	—	4	40	545	0.11%	545	—
	Bonds:							
	ROYAL BK SCOTLND 5.125% DUE 28 MAY 2024 ,etc.	—	1	-	86,314	-	86,314	—
	BANCO DO BRASIL SA 4.625% DUE 15 JAN 2025, etc.	—	2	-	464,097	-	464,097	—
	Stocks:							
	NETSOL TECH-NOLOGIES INC.	—	3	44	-	0.27%	-	—

Note 1: There are four types of account items as follows:

1. Financial assets at amortized cost - current
2. Financial assets at amortized cost - non-current
3. Financial assets at fair value through profit or loss - non-current
4. Financial assets at fair value through other comprehensive income - non-current

Note 2: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:30.71; CNY:USD 1:0.1407).

Tainan Enterprises Co., Ltd.

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
Tainan Enterprises Co., Ltd.	P.T.Tainan Enterprises Indonesia	Subsidiary	Purchases	\$ 1,466,092	40%	(Note 1)	\$ -	—	(\$ 216,432)	(46%)	—
P.T.Tainan Enterprises Indonesia	Tainan Enterprises Co., Ltd.	The Company	(Sales)	(1,466,092)	(99%)	(Note 1)	-	—	216,432	99%	—

Note 1: Receipt and payment terms for purchases and sales to related parties is closes its accounts in 3 months.

Note 2: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:30.71).

Tainan Enterprises Co., Ltd.
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
December 31, 2023

Table 4

Expressed in thousands of NTD

Company Name	Counterparty	Relationship	Receivable from related party		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			Items	Amount		Amount	Action taken		
P. T. Tainan Enterprises Indonesia	Tainan Enterprises Co., Ltd.	The Company	Accounts receivable	\$ 216,432	7.33	\$ -	—	\$ 216,432	\$ -
Yixing Gaoqing Garments Co., Ltd.	Tainan Enterprises Co., Ltd.	The Company	Accounts receivable	109,805	3.35	-	—	64,197	-
Tainan Enterprise (BVI) Co., Limited	Tainan Enterprises (Vietnam) Co., Ltd.	Subsidiary	Other receivables	173,512	—	-	—	36,852	-

Note : The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:30.71; CNY:USD 1:0.1407).

Tainan Enterprises Co., Ltd.

Significant inter-company transactions during the reporting period

For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transactions			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Terms	
0	Tainan Enterprises Co., Ltd.	P.T.Tainan Enterprises Indonesia	1	Purchases	\$ 1,466,092	Closes its accounts 3 months after the end of each transaction	23%
			1	Accounts payable	216,432	—	4%
			1	Services revenue	65,747	—	1%
		PT. Andalan Mandiri Busana	1	External processing cost	503,226	—	8%
			1	Services revenue	52,523	—	1%
			1	Other payables	91,615	—	2%
		Tainan Enterprises (Cambodia) Co., Ltd.	1	External processing cost	802,279	—	12%
			1	Services revenue	64,068	—	1%
			1	Other payables	18,699	—	—
		Tainan Enterprises (Vietnam) Co., Ltd.	1	External processing cost	311,128	—	5%
			1	Services revenue	28,453	—	—
			1	Other payables	26,431	—	—
		Yixing Gaoqing Garments Co., Ltd.	1	External processing cost	380,653	—	6%
			1	Services revenue	27,308	—	—
			1	Other payables	109,805	—	2%
		Gin-Sovann Fashion (Cambodia) Limited.	1	External processing cost	184,147	—	3%
			1	Services revenue	14,237	—	—
			1	Other payables	26,996	—	—
1	Tainan Enterprise (BVI) Co., Limited	PT. Andalan Mandiri Busana	3	Other receivables	67,562	—	1%
		Tainan Enterprises (Vietnam) Co., Ltd.	3	Other receivables	173,512	—	3%
2	Tainan Enterprises (Cambodia) Co., Ltd.	Gin-Sovann Fashion (Cambodia) Limited.	3	External processing cost	16,456	—	—
			3	Other payables	12,903	—	—
3	Beyoung Fashion Co., Ltd.	Gin-Sovann Fashion (Cambodia) Limited.	3	External processing cost	160,562	—	2%
			3	Other payables	26,489	—	—

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) The company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) The company to subsidiary.

(2) Subsidiary to the company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Significant inter-company transactions during the reporting periods are not disclosed since these were corresponding transactions.

Note 5: The disclosure standard for important transactions is more than NT\$10 million.

Note 6: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:30.71; CNY:USD 1:0.1407).

Tainan Enterprises Co., Ltd.

Names, locations and other information of investee companies (excluding investees in Mainland China)

For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD

Investor	Investee	Location	Main business	Original investment amount		Shares held as at December 31, 2023			Net income (loss) of the investee	Investment income (loss) recognized by the Company	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Tainan Enterprises Co., Ltd.	Tainan Enterprise (BVI) Co., Limited	British Virgin Islands	Professional investments	\$ 517,058	\$ 517,058	170,000	100.00	\$ 1,483,135	\$ 104,692	\$ 103,972	Subsidiary
	P.T.Tainan Enterprises Indonesia	Indonesia	Garment processing, production and selling	64,446	64,446	2,400,000	100.00	400,364	34,009	34,009	Subsidiary
	PT. Andalan Mandiri Busana	Indonesia	Garment processing, production and selling	182,024	182,024	6,000	100.00	166,671	23,636	23,636	Subsidiary
	PT CAHAYA IDNDAH GLOBAL	Indonesia	Garment processing, production and selling	59,469	-	1,900,000	100.00	58,510	163	163	Subsidiary (Note 1)
	Tainan Enterprises (Cambodia) Co., Ltd.	Cambodia	Garment processing, production and selling	29,585	29,585	1,000	100.00	156,590	73,353	73,316	Subsidiary
	Tainan Enterprises (Vietnam) Co., Ltd.	Vietnam	Garment processing, production and selling	319,090	319,090	-	100.00	178,092	52,735	52,735	Subsidiary
	Beyoung Fashion Co., Ltd.	Taiwan	Garment processing, production and selling	141,742	141,742	5,050,000	100.00	29,498	4,198	4,198	Subsidiary
Tainan Enterprise (BVI) Co., Limited	T&G Fashion Co., Ltd.	Seychelles	Professional investments	120,377	120,377	3,300,000	100.00	129,630	57,268	-	Subsidiary (Note 2)
T&G Fashion Co., Ltd.	Tainan Enterprise (Cayman) Co., Limited	Cayman Islands	Professional investments	215,928	215,928	4,466,610	13.39	86,619	107,148	-	(Note 2)
	Gin-Sovann Fashion (Cambodia) Limited.	Cambodia	Garment processing, production and selling	30,710	30,710	-	100.00	93,736	56,251	-	Subsidiary (Note 2)
	Camitex II (Cambodia) MFG Co., Ltd.	Cambodia	Garment processing, production and selling	18,829	18,829	100	100.00	79	1	-	Subsidiary (Note 2)
	Golden Harbor Garment (Cambodia) Limited.	Cambodia	Garment processing, production and selling	-	-	-	100.00	368	(1)	-	Subsidiary (Note 2) (Note 3)

Note 1: A new company established in the first quarter of 2023.

Note 2: According to regulations, the amount of investment (loss) recognized in the current period may be exempted from disclosure.

Note 3: The subsidiary has ceased business and was pending for liquidation process.

Note 4: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:30.71; CNY:USD 1:0.1407).

Tainan Enterprises Co., Ltd.
Information on investments in Mainland China – Basic information
For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD

Investee in Mainland China	Main business	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Note
				as of January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan										
Yixing Gaoqing Garments Co., Ltd.	Garment processing, production and selling	\$ 138,195	(Note 1)	\$ 92,130	\$ -	\$ -	\$ 92,130	\$ -	\$ -	\$ 92,130	\$ 5,137	100%	\$ 5,137	\$ 162,572	\$ -	(Note 3)
Zhoukou Tainan Garment Co., Ltd.	Garment processing, production and selling	153,550	(Note 1)	-	-	-	-	-	-	-	-	100%	-	406	-	(Note 4) (Note 5)
		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA												
Company name		\$ 296,385	\$ 1,194,578	(Note 6)												
Tainan Enterprises Co., Ltd.		\$	\$	(Note 6)												

Note 1: Indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.

Note 2: Investment gains or losses were recognized based on audited financial statements.

Note 3: Among them, \$46,065 (USD1,500 thousand dollars) was indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.

Note 4: Indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.

Note 5: The subsidiary has ceased business and was pending for liquidation process.

Note 6: Enterprises that have been approved by the Ministry of Economic Affairs to operate their headquarters are not subject to monetary or proportional limits.

Note 7: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:30.71; CNY:USD 1:0.1407).

Tainan Enterprises Co., Ltd.

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2023

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing					
	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023	Others (Note)	
Yixing Gaoqing Garments Co., Ltd.	\$	-	\$	-	\$	-	\$	-	\$	-	-	\$	-	External process cost \$ 380,653 Service revenue \$ 27,308 Other payables \$ 109,805

Note: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:30.71; CNY:USD 1:0.1407).

Tainan Enterprises Co., Ltd.

Major shareholders information

December 31, 2023

Table 9

Expressed in shares

Name of the key shareholder	Number of shares		Ownership (%)	Note
	Common stock	Preferred stock		
CMC Magnetics Co., Ltd.	11,793,000	—	8.06%	—
CHC International Investment Corporation	9,522,000	—	6.51%	—
TZENG, LI-YU-LIAN	7,653,000	—	5.23%	—

Note: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the difference in the calculation basis.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Cash:		
Cash on hand		\$ 250
Checking accounts – NTD		25, 981
Demand deposits – NTD		22, 730
	– Foreign currency USD 3,518 thousand @ 30.71	108, 048
	CNY 656 thousand @ 4.327	2, 840
	Other foreign currencies	1, 411
Time deposits – NTD	Due on January 17, 2024, interest rate at 0.655%	10, 000
		<u>\$ 171, 260</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

<u>Client Name</u>	<u>Item</u>	<u>Amount</u>	<u>Note</u>
MGF SOURCING FAR EAST, Limited	Accounts receivable	\$ 541, 798	—
MACY MERCHANDISING GROUP INC.	"	172, 929	—
ERALDA INDUSTRIES LTD. (Brand: EILEEN FISHER)	"	68, 837	—
ERALDA INDUSTRIES LTD. (Brand: JJILL)	"	61, 950	—
Others (less than 5%)	"	<u>316, 909</u>	—
		1, 162, 423	
Less: Allowance for uncollectible accounts		(<u>8, 604</u>)	
		<u>\$ 1, 153, 819</u>	

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount		Note
		Cost	Net Realisable Value	
Raw materials	—	\$ 316, 565	\$ 313, 911	(Note)
Work in progress	—	381, 611	380, 367	"
Finished goods	—	3, 148	3, 148	"
		<u>\$ 701, 324</u>	<u>\$ 697, 426</u>	

Note: Refer to Note 4 (9) "Inventories" for determining net realisable value.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Beginning Balance		Decrease		Ending Balance		Accumulated impairment	Collateral	Note
	Shares (in thousands)	Carrying amount	Shares (in thousands)	Amount	Shares (in thousands)	Carrying amount			
Stock:									
Euroc Venture Capital Corp.	2	\$ 129	(2)	(\$ 129)	-	\$ -	\$ -	None	—
Koche Development Co., Ltd.	4, 969	60, 939	-	-	4, 969	60, 939	-	"	—
Koche Global Co., Ltd.	4, 350	25, 886	-	-	4, 350	25, 886	-	"	—
		<u>\$ 86, 954</u>		<u>(\$ 129)</u>		<u>\$ 86, 825</u>	<u>\$ -</u>		

Note: There is no adjustment because the fair value change was insignificant.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Name	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value			
	Shares		Shares		Shares		Shares		Percentage of	Unit Price	Total Amount	Collateral	Note
	(in thousands)	Amount	(in thousands)	Amount	(in thousands)	Amount	(in thousands)	Ownership	Amount				
Tainan Enterprise (BVI) Co., Limited	170	\$1, 379, 069	-	\$109, 218	-	(\$ 5, 152)	170	100. 00%	\$1, 483, 135	\$ 8, 718	\$1, 482, 070	None	—
P.T.Tainan Enterprises Indonesia	2, 400	369, 389	-	34, 009	-	(3, 034)	2, 400	100. 00%	400, 364	167	400, 364	"	—
Tainan Enterprises (Vietnam) Co., Ltd.	-	126, 118	-	52, 735	-	(761)	-	100. 00%	178, 092	-	178, 092	"	—
PT. Andalan Mandiri Busana	6	140, 105	-	26, 955	-	(389)	6	100. 00%	166, 671	27, 779	166, 671	"	—
Tainan Enterprises (Cambodia) Co., Ltd.	1	84, 334	-	73, 315	-	(1, 059)	1	100. 00%	156, 590	156, 554	156, 554	"	—
Beyoung Fashion Co., Ltd.	5, 050	39, 198	-	4, 198	-	-	5, 050	100. 00%	43, 396	6	29, 498	"	—
PT. CAHAYA INDAH GLOBAL	-	-	1, 900	59, 632	-	(1, 122)	1, 900	100. 00%	58, 510	31	58, 510	"	—
		2, 138, 213		<u>\$360, 062</u>		<u>(\$ 11, 517)</u>			2, 486, 758		<u>\$2, 471, 759</u>		
Less: Accumulated impairment		(13, 898)				<u>\$ -</u>			(13, 898)				
		<u>\$2, 124, 315</u>							<u>\$2, 472, 860</u>				

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(8) for the information related to property, plant and equipment.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - ACCUMULATED
DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(8) for the information related to property, plant and equipment and Note 4(15) for the methods to determine depreciation and useful lives for property, plant and equipment.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN INVESTMENT PROPERTY - COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(10) for the information related to investment property, net.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN INVESTMENT PROPERTY - ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(10) for the information related to investment property, net, and Note 4(16) for the methods to determine depreciation and useful lives for investment property.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

<u>Type of loan</u>	<u>Descriptions</u>	<u>Ending Balance</u>	<u>Period of Contract</u>	<u>Range of Interest Rate</u>	<u>Credit Facility</u>	<u>Collateral</u>	<u>Note</u>
Unsecured borrowings	HSBC Bank (Taiwan)	\$ 194, 000	2023.10~2024.3	1.56%~1.66%	USD \$ 10, 000	None	—
	First Commercial Bank	180, 000	2023.12~2024.3	1.59%	300, 000	"	—
	DBS Bank (Taiwan)	100, 000	2023.12~2024.3	1.70%	USD 15, 000	"	—
	Cathay United Bank	80, 000	2023.10~2024.1	1.68%	200, 000	"	—
		<u>\$ 554, 000</u>					

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars)

<u>Suppliers Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
I TOCHU CORPORATION RETAIL CLOTHING	Accounts payable	\$ 36, 896	—
SHENZHEN FU YUAN TEXTILE LIMITED	"	18, 664	—
Others (less than 5%)	"	200, 975	—
		<u>\$ 256, 535</u>	

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE – RELATED PARTIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 7 for the information related to related party transaction.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(13) for the information related to other payables.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF OTHER PAYABLES – RELATED PARTIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 7 for the information related to related party transaction.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Quantity	Amount	
		Subtotal	Total
Sales revenue:			
Garments	17,409 (in thousands) pcs	\$ 6,035,947	
Others		<u>2,759</u>	\$ 6,038,706
Less: Sales discounts and allowances			(<u>5,856</u>)
			6,032,850
Service revenue			<u>252,372</u>
Operating revenue, net			<u>\$ 6,285,222</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

<u>Item</u>	<u>Amount</u>
Merchandise at January 1, 2023	\$ –
Add: Merchandise purchased	1, 466, 846
Merchandise at December 31, 2023	(3, 148)
Merchandise sold during the year	<u>1, 463, 698</u>
Raw materials at January 1, 2023	180, 763
Add: Raw materials purchased	2, 214, 424
Less: Transferred to expenses	(20, 010)
Raw materials at December 31, 2023	(316, 565)
Raw materials used during the year	2, 058, 612
Direct labor	16, 502
Manufacturing overhead	<u>2, 246, 694</u>
Manufacturing cost	4, 321, 808
Work in progress at January 1, 2023	388, 191
Work in progress at December 31, 2023	(381, 611)
Cost of finished goods	4, 328, 388
Finished goods at January 1, 2023	<u>46, 912</u>
Cost of production and marketing	<u>4, 375, 300</u>
Cost of inventory sold	5, 838, 998
Income from sale of scraps	(8, 045)
Operating costs	<u>\$ 5, 830, 953</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF MANUFACTURING OVERHEAD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Amount</u>
Processing fee	\$ 2,211,630
Other expenses (less than 2%)	<u>35,064</u>
	<u>\$ 2,246,694</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Amount</u>
Wages and salaries	\$ 68,880
Freight	20,160
Commission expenses	19,564
Export expenses	15,095
Insurance expenses	7,499
Others (less than 5%)	<u>6,255</u>
	<u><u>\$ 137,453</u></u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Wages and salaries	\$ 146, 018
Service fees	11, 835
Others (less than 5%)	<u>75, 942</u>
	<u>\$ 233, 795</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Wages and salaries	\$ 52,427
Insurance expenses	6,128
Others (less than 5%)	13,629
	<u>\$ 72,184</u>

Refer to Note 6(24) for the details of expenses by nature, and Note 6(25) for the details of employee benefit expense.

TAINAN ENTERPRISES CO., LTD.

Chairman: Yang Ching-Hon