



SHINIH ENTERPRISE CO., LTD.

2022 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Link to Annual Report : <http://mops.twse.com.tw>

Company Website: <http://www.shinih.com.tw>

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Chapter 1. Letter to Shareholders

I. 2022 Business Result

(I) 2022 Business Plan Implementation Outcome

With regard to the 2022 business result of the Company, in terms of the revenue, the consolidated net revenue of the parent company and subsidiaries was NT\$ 2.63 billion, an increase from the net revenue of NT\$2.613 billion in 2021. The annual net operating income of the parent company was NT\$ 443 million, a decrease of 9.16% from the net operating income of NT\$406 million in 2021.

In terms of the surplus earnings, mainly due to the land purchase and reserve compensation gains of the Hangzhou Plant in 2022, the consolidated net income after tax of the current period was NT\$ 241 million, a decrease from the consolidated net income after tax of NT\$513 million in 2021.

2022 business status is as follows:

Condensed income statement – consolidated

Unit: NT\$ thousand

Item / Year	2022	2021	Amount increase (decrease)	Percentage of change (%)
Operating revenue	2,630,253	2,613,247	17,006	0.65%
Cost of revenue	1,926,438	2,011,148	(84,710)	(4.21%)
Gross profit	703,815	602,099	101,716	16.89%
Operating profit and loss	604,619	554,574	50,045	9.02%
Operating profit	99,196	47,525	51,671	108.72%
Non-operating income and expenditure	345,122	749,049	(403,927)	(53.93%)
Net profit before tax	444,318	796,574	(352,256)	(44.22%)
Net profit (loss)	241,092	527,513	(286,421)	(54.30%)
Other comprehensive income (net income after-tax)	93,033	(41,824)	134,857	(322.44%)
Total comprehensive income for the period	334,125	485,689	(151,564)	(31.21%)
Net Income Attributable to: Parent company	224,400	513,224	(288,824)	(56.28%)
Net profit attributable to non-controlling equity	16,692	14,289	2,403	16.82%
Total comprehensive income attributed to the owners of the parent company	313,447	480,181	(166,734)	(34.72%)
Total comprehensive income attributed to non-controlling equity	20,678	5,508	15,170	275.42%

Condensed income statement - individual

Unit: NT\$ thousand

Item / Year	2022	2021	Amount increase (decrease)	Percentage of change (%)
Operating revenue	443,926	406,656	37,270	9.16%
Cost of revenue	318,963	326,236	(7,273)	(2.23%)
Gross profit	124,963	80,420	44,543	55.39%
Unrealized(Realized) gross profit/(loss) on sales	229	611	(382)	(62.52%)
Gross profit	125,192	79,809	45,383	56.86%
Operating expenses	230,043	207,607	22,436	10.81%
Operating loss	(104,851)	(127,798)	22,947	(17.96%)
Nonoperating income and expenses	335,972	649,316	(313,344)	(48.26%)
Income before income tax	231,121	521,518	(290,397)	(55.68%)
Net Income	224,400	513,224	(288,824)	(56.28%)

Other comprehensive income (loss) for the current period	89,047	(33,043)	122,090	(369.49%)
Total comprehensive income (loss) for the current period	313,447	480,181	(166,734)	(34.72%)

(II) Budget Implementation status

The Company has not disclosed the financial forecast publicly according to the regulations, and the 2022 overall operation status is explained in the following:

1. Operating revenue

The 2022 consolidated operating revenue was NT\$2,630,253 thousand, maintaining a relatively same level in comparison to the revenue of NT\$2,613,247 thousand in 2021. From the aspect of the region of operation, the pandemic conditions in Taiwan, the U.S.A. and the Association of Southeast Asian Nations (ASEAN) were controlled relatively properly such that the overall demand indicated certain growth. However, the region of China indicated a decline due to the impact of the government's city lockdown under the pandemic. In terms of the aspect of product application, the material application demand for isolation and consumer materials also increased progressively as the pandemic condition was properly controlled. However, the revenue from the industrial materials decreased due to the impact of factory relocation and the city lockdown implemented by the government under the pandemic.

2. Operating expenditure

In 2022, the consolidated operating cost was NT\$1,926,438 thousand, a decrease of NT\$84,710 thousand (-4%) from NT\$2,011,148 thousand in 2021, and it was mainly due to the stable prices of raw materials and transportation costs along with the increase of production efficiency.

(III) Financial structure and profitability analysis:

As the Company's 2022 consolidated operating revenue maintained a relatively same level of growth in comparison to 2021, with the stable key prices of raw materials and transportation costs along with increase of production efficiency, the operating cost was decreased by approximately 4%, such that the total gross profit increased by NT\$101,716 thousand from last year, and the gross margin increased to 27%, a growth of 4% from 2021. In addition, the operating expense increased slightly due to the accounts payable impairment loss. Accordingly, the overall consolidated operating profit was NT\$99,196 thousand, an increase from the net operating income of NT\$47,525 thousand of last year. Furthermore, for the non-operating revenue and expenditure, due to the factors of gain from the condemnation compensation of Taicang Taishin Plant policy for storage and exchange gain, etc., the net non-operating income was NT\$345,122 thousand, and the overall net income before tax was NT\$444,318 thousand. After the deduction of the income tax expense of NT\$203,226 thousand, the net income of the current period was NT\$241,092 thousand, the net income attributable to the parent company of the current period was NT\$224,400 thousand, and the earnings per share was NT\$2.12.

1. Financial structure

Unit: NT\$ thousand

Item / Year		2022	2021	Amount increase (decrease)	
Financial revenue/ expenditure	Operating revenue	Consolidated	2,630,253	2,613,247	17,006
		Individual	443,926	406,656	37,270
	Gross profit	Consolidated	703,815	602,099	101,716
		Individual	124,963	80,420	44,543
	Net profit (loss)		241,092	527,513	(286,421)

2. Profitability analysis

Unit: NT\$ thousand

Item / Year		2022	2021		
Financial analysis	Financial structure	Debt-to-assets ratio (%)	43.58	42.16	
		Long-term capital property, plant, and equipment ratio (%)	213.08	199.73	
	Solvency	Current ratio (%)	219.98	207.23	
		Quick ratio (%)	176.99	153.85	
	Profitability	Return on assets (%)		4.39	10.11
		Return on equity (%)		7.13	17.04
		Paid-in capital(%)	Gross profit (%)	9.09	4.36
			income before tax (%)	40.72	73.01
		Net profit margin (%)		9.17	20.19
		Earnings per share (NT\$)		2.12	4.71

(IV) Research and Development Status

The Company integrates existing diverse non-woven fabric manufacturing technologies, implements advanced processes and new function materials, and cooperates with customers' development demands, in order to head toward the development direction of high added value product application of differentiation, diversity, functional and sustainable environment. In addition, the Company also continues to attract and cultivate research and development talents with Taiwan as the R&D center. With the consideration of the business model, customer value and sustainable development, the Company continues to enhance customer trust, strengthen the core value of the Company, in order to establish sustainable competitive advantages and to achieve greater value for shareholders.

II. 2023 Business Plan Overview

(I) 2023 Operational Policy

i. Global economic status:

During the post-pandemic era, there has been changes to the global economic recovery originally anticipated, and such changes are mainly due to the military conflict between Russia and Ukraine, significant increase of global energy and raw material prices, rapid increase of interest rate by the U.S. Fed and the reduction of bond purchase, causing violent fluctuation to the financial market, and significant depreciation of non-USD currencies. In addition, the input inflation pressure faced by numerous countries also increase rapidly.

As for the price and currency policy, the International Monetary Fund (IMF) expects that the global inflation to increase from 4.7% in 2021 to 8.8% in 2022; however, it will decrease to 6.5% in 2023, indicating that the global inflation may be mitigated progressive in 2023.

IMF also revises down the global economic forecast to 3.2%, and the expected 2023 global economic growth is 2.9% only.

(1) Developed economies: Under the expected impact of weak private consumption dynamics and continuous implementation of tight currency policy, the overall economic growth for 2022 is expected to be 2.5%, and for 2023, it is expected to be 1.4%. Among the countries worldwide, for the U.S., the 2022 economic growth rate is 2.3%, and it is 1.0% for 2023.

(2) Developing economies: As the economic recovery level of countries may be different, under the spillover effect of the Russo-Ukrainian War and the expectation of tightening of financial policy, the 2022 overall economic growth rate is expected to be 3.6%, and it is expected to be 3.9% in 2023. Among the developing countries, the expected economic growth rate is 3.3% for 2022 and 4.6% for 2023. With regard to the five countries of the Association of Southeast Asian, the economic growth is expected to be 5.3% for 2022 and 5.1% for 2023.

ii. Nonwoven fabric industry overview: It is still under high industrial growth. Among which Asia indicates the highest growth, and the growth of spunbond shows the highest rate.

(1) Global nonwoven fabric:

It is expected that for 2022, the global nonwoven fabric market is approximately 39.8 billion with an annual compound growth rate of 6.4%, such that the global nonwoven fabric industry scale will reach US\$57.9 billion by 2027. Accordingly, it is an industry under stable growth.

(2) 2022 Asia nonwoven fabric manufacturing technology percentage

With regard to the manufacturing process, SPUNMELT indicates the highest ratio of approximately 50%, an increase of 1% from last year. The spunlace originally accounted for the second highest percentage of 18% indicates a decrease of 2% from last year.

Shinih's technology plan is to focus on the PET BASE in conjunction with the supporting architecture of chemical and machinery, in order to head toward the direction of diverse, complex and comprehensive technologies with compact and quality products.

iii. Operational policy:

Under the complex factors and impacts of competitions among major countries, anti-globalization, extreme climate, unstable pandemic situation, sustainable development issues (green energy, carbon neutralization, circular economy, etc.), supply chain crisis (port congestion, labor shortage, significant increase of raw material and energy price, power restriction and suspension of operation, etc.), the business operational environment is under great challenges. Accordingly, we have established six strategic plans as the countermeasures:

1. Existing core business: Improve overall process technology planning

Based on the existing core foundation, improve and integrate nonwoven fabric technology integrate the processes laterally, and develop materials longitudinally, in order to integrate the technology development and product development, thereby further improving the technology strategy with greater competitiveness, differentiation, high value, low cost and high efficiency, such that the Company's products become the priority choices of customers.

2. High-end process: Develop high value products

As bicomponent high-end equipment is released consecutively, the existing process capabilities are integrated to head toward the development of differentiation, sub-micron and diverse composition. As for the raw materials, fibers, web formation, post-processing, the development heads toward the direction of diverse and combinational design. Combinational design: Combination of functional fiber/processing function/structure. Expand product application scope with functional combination.

3. Supply chain integration: Adjustment internal and external cycles of the supply chain

Continue to strengthen the customer market-oriented supply chain service, and become a cornerstone in the supply chain, in order to establish long-term competitiveness. However, due to the rapid change of the external environment in recent years and the competition among major countries, corresponding adjustments need to be made, and the original supply chain is divided into two supply chains. One of the supply chain refers to the Chinese market that is mainly for the internal cycle of the manufacturing supply chain in China, and the other supply chain refers to the external cycle mainly for the market in Europe and U.S. With the supply chain of R&D and design in Taiwan, manufacturing in the Association of Southeast Asian Nations (ASEAN), sales to the European and U.S. market for use, along with the utilization of the Company's existing cross-border planning for cross-chain resource integration, the impact is reduced and maximum possible advantages can be achieved.

4. Sustainable development: Energy saving, carbon reduction, sustainability and environmental protection

In addition to continuous promotion of policies related to sustainable development, energy saving and carbon reduction, such as green energy-solar power, use of natural gas, establishment of water resource recycling system, recycle and reuse of production wastes or conversion into fuel rods, etc., the 5G awareness is integrated into the daily operation of employees, in order to become the basic DNA of the internal policy of the Company. For the external, the Company cooperates with the sustainable development strategy of customers' supply chain, participates in relevant circular sustainability policies, such as customers' old clothing recycle, bottle recycle, biodegradation, low-carbon manufacturing and human rights equality, etc.

5. Activate resources: Use resources more efficiently

Under the existing strategy and setting, the Company focuses on the core business development and exploits the use benefits of its resources. For idle or excessive resources, the Company performs re-assessment and establishes optimal activation strategy, in order to achieve the greatest value for resources.

6. Utilize the complementarity among countries and expand international strategic cooperation.

Actively expand the joint collaboration with international giant business operators in Europe, U.S, China and Japan in various advantageous aspects (raw materials, equipment, products, market and talents, etc.)

(II) Sales Volume Forecast and Basis

For the 2023 sales market forecast, the regions of Taiwan and ASEAN are expected to indicate growth in comparison to 2022. For the region of China, to cooperate with the local status adjustment strategy of the Chinese government, the production capacity will be recover consecutively after re-arrangement. For the U.S. market, due to the economy has not yet recovered, the production demand is expected to show some trend of decline. In terms of the product application, isolating material field, under the effect of the stability of market demand and introduction of new products, the overall performance will indicate growth in comparison to 2022. For industrial material field, as the production lines enter the mass product stage consecutively along with the integration of the automotive material applications, business growth is expected to be achieved. In general, the Company's overall revenue is expected to show an increasing trend for 2023 in comparison to 2022.

(III) Important Production and Sales Policies

With the customer and market demand as the goal, the Company's principle of coordinating the global resource logistics efficiency of the group is as follows:

1. Develop functional niche products, expand the market share of products of mass production, and utilize advantages in cross-regional trade along with the restructuring of supply chain, in order to increase the overall sales and profit.
2. Increase efficiency, improve quality, reduce cost and enhance long-term competitiveness via computerized, automated and smart production management.
3. Horizontally and vertically integrate the global supply chain strategy, stabilize raw material cost, delivery and quality, in order to increase the value chain value.

III. Company's Future Development Strategy

(I) Development

Shinih Enterprise Group has experienced numerous ups and downs over the past decades of its development, and remarkable business outcomes have been achieved. After overcoming such challenges, Shinih has developed its unique industrial sensitivity, and before the change of market trend, Shinih is able to foresee the future trend and opportunities along with early adjustments in advance and planning of development strategy for next stage. For the future operation of next year, the Company will continue to demonstrate active execution in a rigorous manner in order to transform crisis into opportunities.

(II) Strategy

1. Integrate all business locations of the group, activate real estate actively, and increase overall return on assets.
2. Continue to develop multi-functional products, expand diverse and broad customer groups and markets.
3. Implement system automation with fast information flow, and control time and cost effectively.

IV. Impacts of External Competitive Environment, Legal Environment and Overall Operating Environment

(I) External Competitive Environment

1. Information link

Under the improvement of mobile devices and cloud technologies, the business model and delivery service process have been changed with greater convenience, and production automation and internal operation digitization have also be promoted. With the continuous development of Big Data, the optimization of enterprise and replacement have also been implemented progressively.

Transparency of network information accelerates the upstream and downstream information and structural integration of enterprises. The enterprise optimization process also promotes the internal of the Company to focus on re-gaining the advantages over the improvement of competitors in the market.

2. Resource integration

Cross-border trading promotes fast integration of differences among demographic dividend, culture, languages, climate and local natural resources, and all of these resources are also integrated into products, in order to reduce time cost and to transform into benefits.

(II) Regulatory Environment

1. Tax laws

The Chinese government has announced the “Regulations Governing Enterprise Information and Networking Inspection System” and the “Golden Tax Project Phase IV” system purchase cross-database integration to include non-tax information exchange. It is expected that the Golden Tax Project Phase IV will allow the taxation institution to audit cross-company declaration information in order to understand the status of materials, cash flows or any tax evasion.

2. Trade agreements

The population of the member states of the “Comprehensive and Progressive Agreement for Trans-Pacific Partnership” (CPTPP) reaches nearly 500 million people (accounting for 7% of the global population), and the total GDP exceeds US\$11 trillion/ accounting for 13.1% of the global GDP, and it is the one of the three global major trade agreements. The Company has established business location in Vietnam, one of the member states of CPTPP.

The GDP of “Regional Comprehensive Economic Partnership” (RCEP) reaches US\$27 trillion, covering approximately half of the total population of the world and 30% of the total global trade amount. The Company has established business locations in China, Indonesia, Cambodia, Thailand and Vietnam.

In comparison to CPTPP, the barrier of liberalization adopted by RCEP is lower and more flexible.

3. Increase of environment protection awareness

As the global consumers place greater emphasis on the green supply chain, manufacturers must comply with relevant inspection standards and relevant laws and regulations of RoHS, REACH, HF, energy saving and carbon reduction for the environmental protection requirements demanded by the upstream and downstream of the supply chain. Accordingly, to increase the advantages of channel deployment, companies must also increase the marketing, sales and production cost at the same time. As the Company has actively promoted the green supply chain, the Company has also obtained the eco-friendly marks of GRS and BlueSign.

The Chinese government has implemented the “Environmental Protection Tax Law” since 2018. In addition to the increase of the factory establishment cost of enterprises in China, the law also increases the risk of possible policy relocation of existing production site at nearby urban areas. Accordingly, its impact on industries and enterprises of high energy consumption, high pollution and low effect is significant.

(III) Overall Operation Environment

The “World Economic Outlook” IMF predicts that the global economy will slow down to 1.7% and 2.7% during 2023 and 2024, the third lowest in the last thirty years. Under the impact of high inflation and significant increase of interest rate along with the tension due to geopolitics, disturbance to the economic environment is caused and the slowing down of global growth will become a common situation.

It is expected that in 2023, the economic growth in the U.S. will decrease to 0.5, 1.9% lower than the previous forecast, and the economy in China will increase by 4.3%, 0.9% lower than the previous forecast.

Major factors affecting the economic outlook:

1. Continuous increase of price pressure: Increase of energy cost and inflation, current supply crisis, marine transportation port congestion and increasing demand for products,
2. Currency environment tightening: Due to the increase of interest rate, tightening of financing environment, depreciation of exchange rate, increase of inflation, the economy will face difficult trade-offs.

“World Economic Outlook” forecast summary information source: IMF Unit: %/Year

Region	2022	2023	2024
World output	4.4	1.7	2.7
U.S.A.	4.0	0.5	1.6
China	4.8	4.3	5.0

Best wishes to all shareholders

May you be blessed with good health and good luck

Chairman Jui-Jui Chien

Chapter 2. Company Profile

I. Establishment Date: September 14, 1962.

II. Company Profile

Year	Important Events
1962	1. The Company was established by Tien-Sheng Chien, and the former name of the Company as “Shinih Cotton Textile Co., Ltd.”.
	2. The authorized and paid-in capital during the establishment was NT\$2,000 thousand.
	3. The Company was established at Banqiao City, Taipei County, for production of quilts and pillows.
1964	Introduced the automatic quilt production equipment for chemical fiber (polyester) quilts.
1965	Established the first automated production for polyester quilts (space quilts) in Taiwan.
1968	Manufactured the first nylon quilts in the industry for exporting to Southeast Asia and Middle East areas, expanding the sales of quilts to the international market.
1971	Established Gueishan Plant and successfully developed resin cotton, needle-punching cotton, and implemented the automated mass production.
1979	Executed capital increase by cash of NT\$28,000 thousand, and authorized and paid-in capital was increased to NT\$30,000 thousand.
1982	1. Successfully developed nonwoven needle-punching automotive carpets.
	2. Established Yilan Plant, and expanded the northeast region market, leading the industry with widely distributed market and throughout all regions in Taiwan.
1984	Signed contact with DuPont to become the exclusively authorized manufacturer in Taiwan for the production and sale of DuPont’s cotton series of products, improved quality and corporate image.
1986	Authorized as an agent for sale of the high-end carpets from well-known British brand BURMATEX and TYVEK from DuPont.
1987	1. Established Tainan Plant, upgraded production equipment, expanded production capacity, and improved product quality.
	2. Executed capital increase by cash of NT\$30,000 thousand, and authorized and paid-in capital was increased to NT\$60,000 thousand.
1988	1. Engaged in joint venture with Japanese Kureha Fibers Co., Ltd. for reinvestment in the establishment of Taiwan Kureha Co., Ltd. for the production of automotive carpets.
	2. Acquired and merged with Sheng Huang Co., Ltd. for NT\$60,000, and the authorized and paid-in capital was increased to NT\$120,000.
1989	Company name changed to “Shinih Enterprise Co., Ltd.”.
1990	Executed capital increase by cash of NT\$40,000 thousand, and authorized and paid-in capital was increased to NT\$160,000 thousand.
1991	Successfully developed VFT, and applied for patent rights in various countries.
1992	Successfully developed hard cotton, and invested in equipment for trial production.
1993	Reinvested in the establishment of Taichang Plant in China - Shinih Fiber Products (Suzhou) Co., Ltd.
1994	Invited by U.S. DuPont to sign VFT global strategy alliance.
1995	Taichang Plant in China started mass production officially for market expansion in China.
1996	Invested in VFT production equipment and engaged in mass production to supply products to the market, seized business opportunities with leading technology in the industry.
1997	1. Invested in the establishment of Dongguan Plant in China - Dongguan Shinih Fiber Products Co., Ltd., and started mass production.
	2. Executed capital increase by capital reserve of NT\$39,600 thousand, and authorized and paid-in capital was increased to NT\$199,600 thousand.

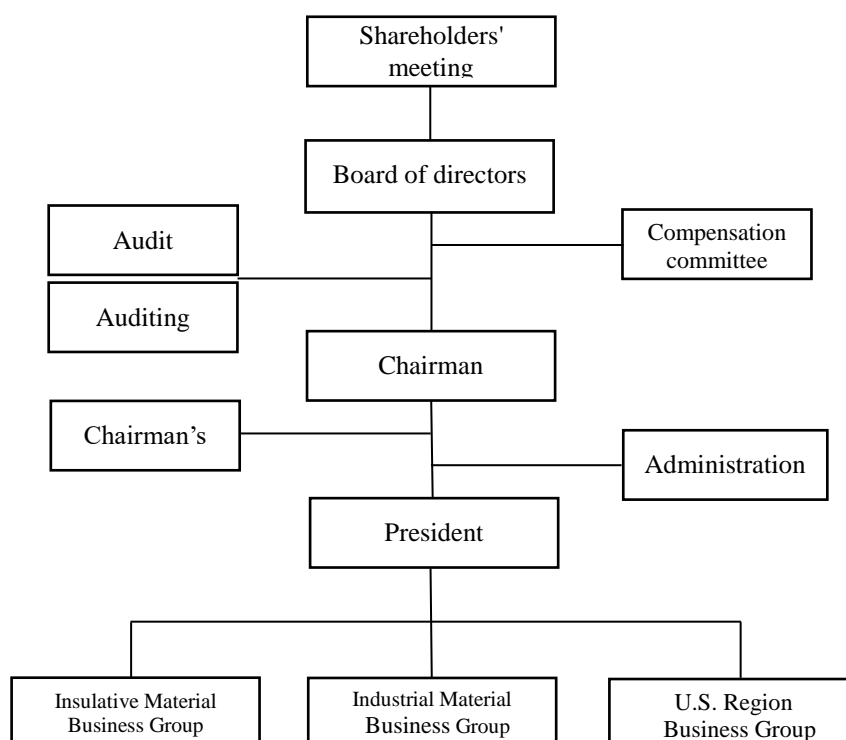
Year	Important Events
1998	1. DuPont China jointed Shinih Fiber Products (Suzhou) Co., Ltd. as corporate shareholder and signed collaborative production and sale contract for Sleeping Baby Bedding.
	2. Executed capital increase by cash of NT\$60,000 thousand, capital increases by undistributed earnings of NT\$59,880 thousand, capital increase by capital reserve of NT\$4,990 thousand, and the paid-in capital after the capital increase was NT\$324,470 thousand.
	3. In addition, supplementary public offering application was approved on July 16, 1998.
1999	1. "Crease Fixation Cotton Improved Structure" received the national invention award.
	2. Executed capital increase by undistributed earnings of NT\$51,915 thousand, capital increase by capital reserve of NT\$6,489 thousand, capital increase by employee bonus of NT\$1,657 thousand, and the paid-in capital after the capital increase was NT\$384,531 thousand.
2000	Executed capital increase by undistributed earnings of NT\$76,906 thousand, capital increase by capital reserve of NT\$19,226 thousand, capital increase by employee bonus of NT\$2,103 thousand, and the paid-in capital after the capital increase was NT\$482,767 thousand.
2001	1. The Company's stocks listed on OTC for trading on 2001.1.16.
	2. Invested in the establishment of Hangzhou Plant in China - Hangzhou Shinih Fiber Products Co., Ltd.
	3. Invested in the establishment of Tangshan Plant in China - Shinih Fiber Products (Tangshan) Co., Ltd.
	4. Engaged in joint venture with Japanese Kureha Fibers Co., Ltd. for investment in the establishment of Kureha Thailand Co., Ltd. for the production of automotive air filters, etc.
	5. Invested in Long fiber production line and spunlace production line.
	6. Executed capital increase by shareholder and employee bonuses and by capital reserve of NT\$117,984 thousand, and the paid-in capital after capital increase was NT\$600,751 thousand.
2002	1. The Company's stocks listed on TWSE for trading on 2002.8.26.
	2. Increased the investment in Shinih (Vietnam) Ltd.
	3. Increased investment in Taishin Fiber Products (Suzhou) Co., Ltd. in China.
	4. Increased investment in Dongguan Taishin Fiber Products Co., Ltd. in China.
	5. Issued convertible corporate bonds of NT\$300,000 thousand.
	6. Executed capital increase by shareholder bonuses of NT\$30,037 thousand, and the paid-in capital after capital increase was NT\$630,788 thousand.
2003	1. Increased investment in AMERICAN OUTDOOR LIVING INC..
	2. Increased investment in SHINIH USA INC..
	3. Executed capital increase by shareholder bonuses of NT\$47,309 thousand, capital converted from corporate bonds of NT\$34,945 thousand, and the paid-in capital after capital increase was NT\$713,042 thousand.
2004	1. Executed capital increase by shareholder bonuses of NT\$43,446 thousand, capital increase by employee bonuses of NT\$6,441 thousand, capital converted from corporate bonds of NT\$11,061 thousand, and the paid-in capital after capital increase was NT\$773,990 thousand.
	2. Signed joint cooperation contract with Department of Industrial Technology, MOEA, and the government provided subsidy of NT\$1.46 million for the implementation of global logistics management center information construction plan, in order to integrate the resources of 15 production and sales locations worldwide, and to develop functional consumer products.
2005	Executed capital increase by shareholder bonuses of NT\$31,084 thousand, capital converted from corporate bonds of NT\$3,100 thousand, and the paid-in capital after capital increase was NT\$808,174 thousand.
2006	1. Established the corporate internal e-learning platform.
	2. Executed capital increase by shareholder bonuses of NT\$40,409 thousand, capital converted from corporate bonds of NT\$16,858 thousand, and the paid-in capital after capital increase was NT\$865,441 thousand.
2007	1. Increased investment in Tangshan Taishin Fiber Products Co., Ltd. in China.
	2. Yilan Plant resumed production for the manufacturing of self-adhesive protection film.

Year	Important Events
	3. Executed capital increase by shareholder bonuses of NT\$43,280 thousand, capital converted from corporate bonds of NT\$372 thousand, and the paid-in capital after capital increase was NT\$909,093 thousand.
2008	1. Increased investment in Qingdao Taishin Fiber Products Co., Ltd. in China. 2. Received the honor of one of the Top 200 Companies with annual revenue below USD one billion in Asia by Forbes magazine.
2009	1. Increased investment in Taiwan, and established Interbond Co., Ltd. 2. Planned and designed the transformation of Yilan Plant into Bedding Tourism Factory.
2010	1. Expanded investment in Taiwan, and increased the purchased of Tainan Guantian Plant. 2. Executed capital increase by shareholder bonuses of NT\$50,000 thousand, and the paid-in capital after capital increase was NT\$959,093 thousand.
2011	1. Increased investment in Hubei Taishin Fiber Products Co., Ltd. in China. 2. Established the Remuneration Committee. 3. The joint venture “Japanese Kureha Fibers Co., Ltd.” changed its company name to “Japanese Kureha Technology Co., Ltd.”.
2012	1. Executed capital increase by shareholder bonuses of NT\$47,955 thousand, and the paid-in capital after capital increase was NT\$1,007,048 thousand.
2013	1. Increased the investment in Shinih (Cambodia) Co., Ltd. in Cambodia.
2014	1. Increased the investment in Kunshan Shinih Trading Co., Ltd. 2. Issued domestic second convertible corporate bonds (99442) of NT\$350 thousand. 3. Executed capital converted from corporate bonds of NT\$50,916 thousand, and the paid-in capital after capital increase was NT\$1,057,964 thousand. 4. Expanded investment in Taiwan, and established new Taoyuan Bade Plant.
2015	1. Increased investment in World Furniture Group. 2. Increased investment in American Furniture Alliance Inc. 3. Executed capital converted from corporate bonds of NT\$29,123 thousand, and the paid-in capital after capital increase was NT\$1,087,087 thousand.
2016	1. Executed capital converted from corporate bonds of NT\$3,984 thousand, and the paid-in capital after capital increase was NT\$1,091,071 thousand. 2. Established the Audit Committee.
2017	1. Increased investment in PT Shinih Nonwovens Indonesia in Indonesia.
2018	1. Implemented A+ enterprise innovative research and development plan for the technology research and development project of MOEA.

Chapter 3. Corporate Governance

I · Organization

(I) Organizational Structure



(II) Responsibilities of Main Departments

Chairman's Office	Assistance to the Chairman in operation management and project related matters.
Auditing Office	Handling of the soundness, reasonableness, execution effectiveness of internal control system, and execution of internal audit operations, improvement of operation process, and other related matters.
Administration	<ol style="list-style-type: none"> 1. Management and coordination of personnel matters, salaries and general affairs. 2. Administrative and general affair planning and handling, property insurance, and other related matters. 3. Major purchase related matters of the purchase of large raw materials and machinery, equipment and hardware. 4. Planning, supervision of import, export, transportation and customs, and executing relevant matters. Planning, establishment, development and management of the Company's system integration and computer information related management affairs. 5. Establishment, assessment and implementation of accounting system, and preparation and analysis of financial statements and budgets related matters. 6. Taxation planning and declaration related matters. 7. Fund management and financing planning and adjustment related matters. 8. Financial service and short-term financial management and long-term investment operation related matters. 9. Stock affairs, announcements, and declaration related matters. 10. Supervision of financial and accounting related matters of all investment locations.
Insulative Material Business Group	Insulative material product marketing, sales, research and development, quality control and related matters.
Industrial Material Business Group	Industrial material product marketing, sales, research and development, quality control and related matters.
U.S. Region Business Group	Product marketing, sales, research and development, quality control and related matters for the U.S. region.

II. Information of Directors, President, Vice President, Assistant Vice President, and Managers of Departments and Divisions

(I) Director Information - 1

April 18, 2023

Title	Nationality or registered place	Name	Gender Age	Date of Taking office	Office term	Date first elected	Shares held upon appointment		Number of shares held currently		Shares held by spouse and underage children currently		Shareholding by nominee arrangement		Main experiences (educational background)	Concurrent duties in the company and in other companies	Spouse or relatives of second degree or closer acting as Supervisors or other department heads			Remarks
							Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Title	Name	Relationship	
Chairman / CSO	R.O.C.	Lee Pont Investment Co., Ltd.	N/A	2022.06.17	3years	2022.06.18	24,075,234	22.07%	24,075,234	22.07%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	None
		Representative: Jui-Jui Chien	Female 71-80 years old	2022.06.17	3years	2022.06.18	1,221,957	1.12%	1,221,957	1.12%	90,729	0.08%	0	0	National Taipei High School of Business	PT Shinih Nonwovens Indonesia Chairman Sunnex Philippines Industrial Corporation President	None	None	None	None
Directors	R.O.C.	Lee Pont Investment Co., Ltd.	N/A	2022.06.17	3years	2022.06.18	24,075,234	22.07%	24,075,234	22.07%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	None
		Representative: Chia-Chin Chien	Female 41-50 years old	2022.06.17	3years	2022.06.17	240,646	0.22%	240,646	0.22%	0	0	0	0	University of California Department of Information Management	Kureha (Thailand) Company LTD Directors Taiwan Kureha Co., Ltd. Directors Shinih Enterprise Co., Ltd. Vice President Taiwan Nonwoven Fabrics Industry Association 15 th director	None	None	None	None
Directors	R.O.C.	Xiang Bo International Development Co., Ltd	N/A	2022.06.17	3years	2004.06.15	584,655	0.54%	600,000	0.55%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	None
		Representative: Chiu-Chiu Chien	Female 31-40 years old	2022.06.17	3years	2004.06.15	0	0	0	0	0	0	0	0	UCLA Stanford SLSC	Shinih Co., Ltd. special assistant	None	None	None	None
Directors	R.O.C.	Ying Hung Investment Co., Ltd.	N/A	2022.06.17	3years	2019.06.21	4,442,311	4.07%	4,442,311	4.07%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	None
		Representative: Sheng-Hung Chien	Male 41-50 years old	2022.06.17	3years	2022.06.17	499,513	0.46%	499,513	0.46%	0	0	0	0	Temple University Japan Campus Department of International Business	Nakajima Construction Co., Ltd. Project Manager Kai Sen Construction Co., Ltd. Project Manager Shinih(Cambodia)Co.,Ltd. Chairman Shinih Holding Co., Ltd Director Sunburst International Ltd. Director Shinih Vietnam Co., Ltd Chairman	None	None	None	None
Independent Directors	R.O.C.	Shu-Fen Wang	Female 71-80 years old	2022.06.17	3years	2019.06.21	0	0	0	0	0	0	0	PhD in Finance, University of Houston	Original BioMedicals Co.,Ltd. Independent Directors	None	None	None	None	
Independent Directors	R.O.C.	Kuang-Wu Lu	Male 71-80 years old	2022.06.17	3years	2019.06.21	0	0	0	0	0	0	0	Bachelor of Law, College of Law, National Taiwan University	Tungli Attorneys-At-Law lawyer and consultant	None	None	None	None	
Independent Directors	R.O.C.	Tung-Yao Wu	Male 61-70 years old	2022.06.17	3years	2022.06.17	0	0	0	0	0	0	0	Feng Chia University Department of Industrial Engineering and Systems Management	None	None	None	None		

Table 1: Major shareholders of corporate shareholders

April 18, 2023

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholder	Percentage of Ownership
Lee Pont Investment Co., Ltd	Chi Wei Union Inv. Co., Ltd.	7.02%
	Seng Hung Inv. Co., Ltd.	7.07%
	Chien, Jung-Tsai	7.04%
	Ying Hung Int. Co., Ltd.	5.62%
	Yu Chung Enterprise Co., Ltd.	4.09%
	Fong Ming Int Co., Ltd.	4.03%
	Su Zeng Development Co., Ltd.	3.97%
	Gin Ho Int. Co., Ltd.	3.97%
	Chien, Chen,Fu-Mei	3.18%
	Chen, Jui-Yun	3.18%
Ying Hung Int. Co., Ltd.	Chen, Jui-Yun	15.60%
	Chien, Chia-Lin	22.22%
	Chien,Chia-Chun	22.22%
	Chien,Chia-Chin	17.74%
	Chien, Yin-Ping	22.22%
Xiang Bo Int. Co., Ltd.	Chien,Chi-Chieh	17.90%
	Chien,Yi-Shao	12.50%
	Chien,Yi-Te	12.50%
	Siah,Yin-Xi	12.50%
	Sian,Yin-Xia	12.50%
	Lee,Soo-Yeon	12.50%
	Chien,Jung-Fu	9.00%
	Tseng,Shun-Hsiang	9.00%
	Tseng,Ing-Ming	0.4%
	Tseng,Chin-Hsiang	0.4%

Table 2: Major shareholders in Table 1 who are corporate shareholders and their major shareholders

April 18, 2023

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholder	Percentage of Ownership
Chi Wei Union Inv. Co., Ltd.	Yu-Shang-Lu	13.82%
	Chien, Chia-Hui	9.83%
	Chien, Chi-Wen	9.82%
	Chien, Chi-Wei	9.52%
	Lin, Yu-Gin	9.52%
	Chien, Chi-Cheng	9.39%
	Lin, Yan-Lu	9.39%
	Chien, Chen,Fu-Mei	9.18%
	Chien, Jung-Fu	5.55%
	Po Yang Development Co.,Ltd.	4.55%
Seng Hung Inv. Co., Ltd.	Chien, Shiu-Hsia	33.93%
	Chien,Sheng-Hung	32.14%
	Chien, Sheng-Ping	31.07%
	Chien, Jung-Tsai	1.43%
	Chien, Zu-Hsing	0.71%
	Chien, Hsiu-Yu	0.71%
Yu Chung Enterprise Co., Ltd.	Chiu, Chun-Wen	50%
	Chiu, Yu-San	35%
	Chien, Mei-Yu	15%
Fong Ming Int Co., Ltd.	Wu, Huei-Ya	18%
	Wu, Liyi	18%
	Wu, Kai-Ting	13%
	Wu, Huei-Na	13%
	Su, Hao-Tien	11%
	Kung, Chia-Hua	8%
	Kung, Chia-En	8%
	Liu, Her-Ting	8%
	Chien, Jui-Jui	3%
Su Zeng Development Co., Ltd.	Chung,Hun-Jung	38%
	Chung, Lu-Hui	26%
	Chung, Ya-Hui	26%
	Chien, Mei-Chu	10%
Gin Ho Int. Co., Ltd.	Chien, Yu-Hsia	20%
	Hsieh, Chang-Yi	20%
	Hsieh, Shang-Tzu	30%
	Chen, Kuo-Jeng	5%
	Hsieh, Ya-Nan	25%

Director Information - 2

1. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors:

April 18, 2023

Name / Condition	Professional qualifications and experience	Independence	Number of companies the person serves as an independent director
Lee Pont Investment Co., Ltd. Representative: Jui-Jui Chien	Equipped with work experience of more than five years in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company; Previously acted as the Chairman of the Company, and also currently act as the Chairman of the Company. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	N/A	0
Lee Pont Investment Co., Ltd. Representative: Chia-Chin Chien	Equipped with work experience of more than five years in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	N/A	0
Ying Hung Investment Co., Ltd. Representative: Sheng-Hung Chien	Equipped with work experience of more than five years in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company; previously acted as the President of the Business Department of the Company. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	N/A	0
Xiang Bo International Development Co., Ltd Representative: Chiu-Chiu Chien	Equipped with work experience of more than five years in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company; previously acted as the President of the Company. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	N/A	0
Shu-Fen Wang	Previously acted as the Department Head of Department of Information and Finance Management, Chiao Tung University; Previously acted as the Supervisor of Microelectronics Technology Inc., Committee Member of Hsinchu City Cable TV Review Board, Director of Chinese Association of Valuation, Independent Director of three companies of Phison Electronics Corp., Bothhand Enterprise Inc., and Zhouwei Electronics; External Committee Member of Remuneration Committee of D-Link Corporation; presently act as the Independent Director of Original BioMedicals Co., Ltd. and Committee Member of Hsinchu County Public Debt Board. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	Serve as an Independent Director and meet the independence requirements: 1.including, but not limited to, that the person or the spouse or any relative of the person within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliate; 2.the person or the spouse or any relative of the person within the second degree of kinship does not hold more than 1% of the Company's issued shares; 3.the person is not a director, supervisor, or employee of the Company or any of its affiliates;	1
Kuang-Wu Lu	Equipped with the Attorney license. Previously acted as the Managing Partner and Attorney of Yong Zheng Attorneys-At-Law, Attorney of Far East Law Office, Manager of Feinien International Co., Ltd. Presently act as the attorney and consultant of Tungli Attorneys-At-Law. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	4.the person has not received any remuneration for providing business, legal, financial, or accounting services to the Company or any of its affiliates in the last two fiscal years; 5.the person has not served as an Independent Director of the Company for more than 3 terms.	0

Tung-Yao Wu	Equipped with work experience of more than five years in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company; Previously acted as the President of Yue Sheng International Co., Ltd. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.		0
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(II) Diversity and Independence of the Board of Directors:

1. Diversity of the Board of Directors:

Based on the Company's policy of diversity and strengthening of corporate governance and promotion of board formation and sound structure development, the nomination of director candidates of the Company adopts the candidate nomination system according to the provisions of the Articles of Incorporation, and the profile(experience) qualification and professional background of each candidate is assessed, and after the approval and resolution of the board of directors, it is then submitted to the shareholders' meeting for election. Regarding the composition of the board of directors, it is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that 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:

1. Basic requirements and values: Gender, age, nationality, and culture, and the ratio of female directors shall reach one-third of the total number of directors.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities: Operational judgment ability, accounting and financial analysis ability, business management ability, crisis handling ability, industry knowledge, international market perspective, leadership, and decision-making ability.

The current board of directors of the Company consists of seven directors. The specific management objective of diversity policy of the board composition and its implementation status are as follows:

Management objectives	Achievement situations
Number of Directors who concurrently serve as Company managers do not exceed one-third of the total director seats	Achieved
At least one-third of directors are females of the total director seats	Achieved
Independent director has not served more than three terms	Achieved
Diversification of professional knowledge and skills	Achieved

The Company's fulfillment of diversification of members of the Board of Directors in 2022 is as follows:

Diversification Name	Gender	Operate Judgment	Financial Accounting	Corporate management	Risk management	Industry knowledge	International market view	Leadership	Decision- making ability
Jui-Jui Chien	Female	✓	✓	✓	✓	✓	✓	✓	✓
Chia-Chin Chien	Female	✓		✓	✓	✓	✓	✓	✓
Chiu-Chiu Chien	Female	✓	✓	✓	✓	✓	✓	✓	✓
Sheng-Hung Chien	Male	✓		✓	✓	✓	✓	✓	✓
Shu-Fen Wang	Female	✓	✓		✓		✓		✓
Kuang-Wu Lu	Male	✓			✓		✓		✓
Tung-Yao Wu	Male	✓		✓	✓	✓	✓		✓

2. Independence of the Board of Directors:

All independent directors comply with the regulations related to independent director specified by the Securities and Futures Bureau, Financial Supervisory Commission (FSC), and all directors and independent directors are not subject to any conditions specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(III) Information of President, Vice President, Assistant Vice President, and Managers of Departments and Divisions

April 18, 2023

Title	Nationality or registered place	Name	Gender	Date of taking office	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experiences (educational background)	Other positions in other companies held currently	Has a spouse or a relative within the second degree of kinship who are the Company's managers			Remarks
					Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Title	Name	Relationship	
President	R.O.C.	Jung-Fu, Chien	Male	2019.08.01	0	0.00%	0	0.00%	0	0.00%	Master, University of Leicester, UK Master, Department of Business Administration, National Taiwan University M.B.A., Fudan University	None	None	None	None	None
Vice President	R.O.C.	Bing-Shu, Yeh	Male	2017.08.10	0	0.00%	0	0.00%	0	0.00%	National Pingtung University of Science and Technology Institute of Civil Engineering	None	None	None	None	None
Vice President	R.O.C.	Chuan-Yuan, Tai	Male	2018.08.10	24,581	0.02%	2,000	0.00%	0	0.00%	Feng Chia University Institute of Textile	None	None	None	None	None
Vice President	R.O.C.	Chia-Chin Chien	Female	2022.12.15	240,646	0.22%	0	0.00%	0	0.00%	University of California, USA Department of Information Management	Taiwan Kureha Co., Ltd Directors Kureha(Thailand)Co.,Ltd. Directors	None	None	None	None
Business Group Vice President	R.O.C.	Hun-Jung, Chung	Male	2022.12.15	359,678	0.33%	0	0.00%	0	0.00%	University of California, USA M.B.A., University of California, Irvine	Shinih USA Inc. Chairman American OutdoorLiving Inc. Directors American Furniture Alliance Inc. Directors V.F.T Inc. Chairman American Nonwoven Inc. Chairman S International Inc. Chairman	None	None	None	None
Finance Supervisor (Note1)	R.O.C.	Chung-Nan, Shih	Male	2017.08.10	0	0.00%	0	0.00%	0	0.00%	Department of Economics, Tunghai University	Taiwan Kureha Co., Ltd Directors	None	None	None	None
Accounting Supervisor	R.O.C.	Hui-Ju, Huang	Female	2019.01.01	1,000	0.00%	0	0.00%	0	0.00%	Hsing Wu University of Technology Two-year Junior College	Taiwan Kureha Co., Ltd Supervisor	None	None	None	None
Audit Supervisor	R.O.C.	Chia-Fei, Wu	Female	2020.11.10	0	0.00%	0	0.00%	0	0.00%	Shih Chien University Department of Accounting	None	None	None	None	None

Note 1 : From March 24, 2023, concurrently as the director of corporate governance.

III. Remuneration Paid to Directors, President, and Vice President in the Most Recent Fiscal Year

(I) Remuneration Paid to Directors (including Independent Directors)

December 31, 2022/ Unit: NT\$ thousands

Title	Name	Directors' remuneration								Total Remuneration (A+B+C+D) as a % of Net Income after Tax		Remuneration received as the Company's employee								Total Remuneration (A+B+C+D+E+F+G) as a (%) of Net Income after Tax		Whether or not remuneration from the parent company or investee companies from outside the	
		Remuneration (A)		Resignation/retirement pension (B)		Director remuneration (C)(Note1)		Business execution expenses (D)				Salaries, bonuses, and special allowances (E)		Resignation/retirement pension (F)		Employee's remuneration (G) (Note1)							
		The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company		All companies in the financial report		The company	All companies in the financial report		
Directors	Lee Pont Investment Co., Ltd. Representative: Jui-Jui Chien																						
	Lee Pont Investment Co., Ltd. Representative: Chia-Chin Chien (Note5)																						
	Lee Pont Investment Co., Ltd. Representative: James Chiu (Note4)																						
	Xiang Bo International Development Co., Ltd Representative: Chiu-Chiu Chien	0	0	0	0	2,410	2,410	60	60	1.1%	1.03%	5,201	5,201	147	147	1,800	0	1,800	0	4.29%	3.99%	None	
	Ying Hung Investment Co., Ltd. Representative: Sheng-Hung Chien (Note5)																						
	Ying Hung Investment Co., Ltd. Representative: Chia-Chin Chien (Note4)																						
Independent Directors	Shu-Fen Wang																						
	Kuang-Wu Lu	1,275	1,275	0	0	0	0	79	79	0.60%	0.56%	0	0	0	0	0	0	0	0	0.60%	0.56%	None	
	Tung-Yao Wu (Note5)																						
	Juei-Mao,Hsu(Note4)																						

Note1 : It refers to the amount appropriated.

Note2 : For information on distribution of directors' remuneration and employee remuneration approved by the board of directors this year, please refer to the distribution of remuneration approved by the board of directors on page 57.

Note3 : In accordance with the "Labor Pension Regulations", the company actually allocates the annual total amount of pensions based on 6% of the employee's monthly salary.

1. Please describe the policy, system, criteria and structure for the remuneration of independent directors, and the relevance to the amount of remuneration paid based on the responsibilities, risks and time commitment:

The company's payment of directors' remuneration is stipulated in the company's articles of association and negotiated with reference to the usual level of the industry. The director's remuneration in 2022 is the chairman's salary and director's business execution expenses. The source of directors' business execution expenses is the attendance fee of board members. And payment of traveling expenses.

2.Except as disclosed in the table above, the remuneration received by the directors of the Company for services (e.g. as consultants to the parent company/non-employees of all companies in the financial report/the reinvestment business, etc) in the most recent year:

Director Sheng-Hung Chien will serve as a consultant of the company in 2022 and receive a consulting fee of NT\$120,000..

Note4 : Step down on 2022.06.17

Note5 : Appointed on 2022.06.17 °

Remuneration scale table

Compensation range for each Director in SHINIH corp.	Name			
	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	All companies in the financial report	The Company	All companies in the financial report
Less than NT\$1,000,000	Jui-Jui Chien 、 Chia-Chin Chien 、 Chiu-Chiu Chien 、 Sheng-Hung Chien 、 James Chiu 、 Juei-Mao,Hsu 、 Shu-Fen Wang 、 Kuang-Wu Lu 、 Tung-Yao Wu	Jui-Jui Chien 、 Chia-Chin Chien 、 Chiu-Chiu Chien 、 Sheng-Hung Chien 、 James Chiu 、 Juei-Mao,Hsu 、 Shu-Fen Wang 、 Kuang-Wu Lu 、 Tung-Yao Wu	Sheng-Hung Chien 、 James Chiu 、 Juei-Mao,Hsu 、 Shu-Fen Wang 、 Kuang-Wu Lu 、 Tung-Yao Wu	Sheng-Hung Chien 、 James Chiu 、 Juei-Mao,Hsu 、 Shu-Fen Wang 、 Kuang-Wu Lu 、 Tung-Yao Wu
NT\$1,000,000 (inclusive)–NT\$2,000,000 (exclusive)				
NT\$2,000,000 (inclusive)–NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive)–NT\$5,000,000 (exclusive)			Chia-Chin Chien 、 Chiu-Chiu Chien	Chia-Chin Chien 、 Chiu-Chiu Chien
NT\$5,000,000 (inclusive)–NT\$10,000,000 (exclusive)			Jui-Jui Chien	Jui-Jui Chien
NT\$10,000,000 (inclusive)–NT\$15,000,000 (exclusive)				
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)				
Over NT\$100,000,000				
Total	9 persons	9 persons	9 persons	9 persons

(II) Remuneration Paid to the President and Vice President

December 31, 2022/ Unit: NT\$ thousands

Title	Name	Compensation (A)		Resignation/retirement pension (B)		Bonuses and Allowances, etc. (C)(Note1)		Employee remuneration amount (D) (Note1)				Total Remuneration (A+B+C+D) as a (%) of Net Income		Whether or not remuneration from the parent company or investee companies from outside the subsidiaries were received
		The Company	All companies in the financial report	The Company (Note1)	All companies in the financial report (Note1)	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Jung-Fu, Chien	7,520	12,515	383	383	0	1,910	3,200	0	3,200	0	4.95%	7.47%	None
Vice President	Chuan-Yuan, Tai													
Vice President	Bing-Shu, Yeh													
Vice President	Chia-Chin Chien													
Business Group Vice President	Hun-Jung, Chung													

Note 1 : It refers to the amount appropriated.

Remuneration scale table

Levels of remuneration paid to General Manager and Vice General Manager of the Company	Name of President and Vice President	
	The Company	All companies in the financial report
Less than NT\$1,000,000	Hun-Jung, Chung	
NT\$1,000,000 (inclusive)–NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive)–NT\$3,500,000 (exclusive)	Jung-Fu, Chien、Chuan-Yuan, Tai、Bing-Shu, Yeh、Chia-Chin Chien	Jung-Fu, Chien、Chuan-Yuan, Tai、Bing-Shu, Yeh、Chia-Chin Chien
NT\$3,500,000 (inclusive)–NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive)–NT\$10,000,000 (exclusive)		Hun-Jung, Chung
NT\$10,000,000 (inclusive)–NT\$15,000,000 (exclusive)		
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)		
Over NT\$100,000,000		
Total	5 persons	5 persons

(III) Managers with Employee Remuneration Distribution:

December 31, 2022/ Unit: NT\$ thousands

	Title	Name	Share value	Cash amount (Note 2)	Total (Note 2)	Ratio (%) accounted compared to the total net income
Manager	CSO	Jui-Jui Chien	0	5,650	5,650	2.34%
	President	Jung-Fu, Chien				
	Vice President	Chuan-Yuan, Tai				
	Vice President	Bing-Shu, Yeh				
	Vice President	Chia-Chin Chien				
	Special Assistant	Chiu-Chiu Chien				
	Business Group Vice President	Hun-Jung, Chung				
	Financial Officer (Note 1)	Chung-Nan, Shih				
	Accounting Supervisor	Hui-Ju, Huang				

Note 1 : From March 24, 2023, concurrently as the director of corporate governance.

Note 2 : It refers to the proposed distribution amount.

(IV) Compare the ratio of the total remuneration paid to the Company's Directors, President, and Vice Presidents in the most recent two years to the net income after tax in the financial report by the Company and all companies in the consolidated statements, and explain the policies, standards and combinations of remuneration payment, the procedures for determining remuneration, and the relevance with business performance and future risks.

1. Remuneration paid by the Company and all the consolidated entities to the Company's directors, president and vice president as a percentage to the income of the individual financial statement.

Identity \ Year	2022		2021	
	The Company	All companies in the financial report	The Company	All companies in the financial report
Remuneration of the Company's directors, president, and vice president as a percentage to the net income (%) of the individual financial statement	11.48%	12.02%	5.81%	5.77%

2. The policy, criteria and composition of remuneration payments, the procedures for determining remuneration, and the correlation with operating performance and future risks:

(1) Directors' remuneration: It includes the salary, compensation and execution fee

A. Salary of directors: The monthly salary of independent directors is determined by the board directors' meeting based on the consideration of the standard adopted by public companies in the same industry, which is not correlated to the operation result of the Company. For non-independent director, the salary of directors is not applicable.

B. Compensation of directors: It is appropriated according to the provision specified in the Articles of Incorporation of the Company, and compensation of employees is deducted, in order to appropriate an amount not higher than 3% of the net income before tax of the current period as the compensation of directors. In addition, it is distributed according to the Regulations for Performance Evaluation of Directors and Managerial Officer of the Company and the contribution performance of each individual director to the Company respectively.

- C. Execution fee: The transportation allowance for directors attending corporate governance related meetings is paid according to the actual attendance status.
- (2) Remuneration of President and Vice Presidents: It includes the salary, retirement pension and bonus
- A. Salary: It is paid according to the Salary Regulations of the Company along with the consideration of the recommendations of the Remuneration Committee.
 - B. Pension: Labor pension reserve is appropriated according to the new labor retirement system on a monthly basis.
 - C. Bonus: It is paid according to the Regulations for Performance Evaluation of Directors and Managerial Officer of the Company along with the recommendation of the Remuneration Committee. The bonus calculation and approval are performed under the control of the Company and within reasonable scope. Accordingly, the possibility of future risk generated due to the payment of remuneration is low.

IV. Corporate Governance Practices

(I) Board of Directors Operation Status

In the last year, board meetings were held 7(A) times. The attendance status is as follows:

Title	Name	Number of actual attendee (participant) (B)	Attendance by proxy	Actual attendance (participation) rate (%) [B/A]	Note
Chairman	Lee Pont Investment Co., Ltd. Representative: Jui-Jui Chien	7	0	100%	Re-elected on 2022.06.17
Directors	Lee Pont Investment Co., Ltd. Representative: Chia-Chin Chien	5	0	100%	Appointed on 2022.06.17
Directors	Lee Pont Investment Co., Ltd. Representative: James Chiu	2	0	100%	Step down on 2022.06.17
Directors	Xiang Bo International Development Co., Ltd Representative: Chiu-Chiu Chien	6	1	86%	Re-elected on 2022.06.17
Directors	Ying Hung Investment Co., Ltd. Representative: Sheng-Hung Chien	5	0	100%	Appointed on 2022.06.17
Directors	Ying Hung Investment Co., Ltd. Representative: Chia-Chin Chien	2	0	100%	Step down on 2022.06.17
Independent Directors	Shu-Fen Wang	7	0	100%	Re-elected on 2022.06.17
Independent Directors	Kuang-Wu Lu	7	0	100%	Re-elected on 2022.06.17
Independent Directors	Tung-Yao Wu	5	0	100%	Appointed on 2022.06.17
Independent Directors	Juei-Mao Hsu	2	0	100%	Step down on 2022.06.17

Other matters that should be recorded:

I、The operation of the board of directors' meeting shall state the date and period of the board meeting, the content of the motion, the opinions of all independent directors and the Company's handling of the opinions of the independent directors if any of the following circumstances apply:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: Please refer to Table 1.

(II) In addition to the above items mentioned, other matters resolved by the Board of Directors with the objection or reservation of the independent directors that are recorded or stated in writing: None.

II、The directors' avoidance of interest motion should indicate the names of the directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting.

Date and Time	Content of motion	Reason for recusal of conflicts of interest	Voting participation
2022.03.25 19th meeting of the 19th board	The candidate rosters of nominated directors (including independent directors).	The nominated personnel in this proposal, Director Jui-Jui Chien, Director Chiu-Chiu Chien, Director Chia-Chin Chien, Independent Director Shu-Fen Wang, Independent Director Kuang-Wu Lu are the current directors; therefore, they recused themselves during voting due to conflict of interest.	Except for the above-mentioned directors who were recused due to their interest involvement, the rest of the directors passed the case without objection.
	Cancellation of non-compete restriction for new directors of the 20th term of the Company.	The involving parties of this proposal, Director Jui-Jui Chien and Director Chia-Chin Chien are the current directors	Except for the above-mentioned directors who were recused due to their interest involvement, the rest of the directors passed the case without objection.
2022.06.17 1th meeting of the 20th board	The appointment of members of the 5th term of Remuneration Committee of the Company.	For this proposal, since three independent directors were to be appointed to act as the committee members	Except for the above-mentioned directors who were recused due to their interest involvement, the rest of the directors passed the case without objection.
2022.12.15 2th meeting of the 20th board	The appointment of managerial officer of the Company.	The involving party of this proposal, Director Chia-Chin Chien was requested to recused herself during voting due to conflict of interest.	Except for the above-mentioned directors who were recused due to their interest involvement, the rest of the directors passed the case without objection.

III、Listed companies should disclose information on the periodicity and duration, scope, method and content of the evaluation of the self (or peer) evaluation by the board of directors, and fill out Exhibit 2(2) on the implementation of the board evaluation.

IV、Goals for establishment of and execution status evaluation on the enhancement of functions of the board of directors for the current year and the most recent year:

(I) In addition to the establishment of relevant rules and regulations according to the Corporate Governance Best Practice Principles, the Company further performs periodic assessment annually according to the Regulations for Performance Evaluation of Board of Directors, and the governance unit also assists and enhances the operation of the board of directors according to the assessment result.

(II) Enhance the review of management performance of the management team, and implement rewards and disciplinary actions timely.

Note: The actual attendance rate (%) is calculated based on the number of board meetings and the number of actual attendance during the term of office.

Table 1: all independent directors and the Company's handling of the opinions of the independent directors

Date and Time	Critical resolution matters	Matters Listed on §14-3 of the Securities and Exchange Act	Dissenting or qualified opinions of independent directors	
2022.03.25 19th meeting of the 19th board	(1) Proposal for relocation of real estate disposition of Shinih Fabric Products (Suzhou) Co., Ltd. and Taisin Fabric Products (Suzhou) Co., Ltd. invested by the Company due to policies	✓	-	
	(2) Proposal for establishment of subsidiary by the investee Shinih USA INC.	✓	-	
	(3) Proposal for the assessment on the independence and competency of CPAs retained by the Company.	✓	-	
	(4) The Company's 2021 Statement of Internal Control System.	✓	-	
	(5) The Company's 2021 Business Report and Financial Statements.	✓	-	
	(6) The Company's 2021 proposal for distribution of earnings.	✓	-	
	(7) The Company's 2021 proposal for distribution of remunerations of employees and directors	✓	-	
	(8) Proposal for amendment to the "Procedures for Acquisition or Disposal of Assets" of the Company.	✓	-	
	(9) Proposal for the Company's application of existing short-term credit extension with Chang Hwa Commercial Bank and extension of export documentary credit and medium-term credit extension.	✓	-	
	(10) Proposal for the Company's endorsements/guarantees provided to Taiwan Kureha Co., Ltd. applying for existing short-term credit extension with Chang Hwa Commercial Bank.	✓	-	
	(11) Proposal for the Company's change of endorsements/guarantees provided to Taiwan Kureha Co., Ltd. applying for short-term credit extension with Shanghai Commercial & Savings Bank.	✓	-	
	Opinion of independent directors: None.			
	Company's handling for the opinions of independent directors: Not applicable.			
Resolution result: After all attending directors agreed with the proposal without objections, this case was passed as proposed.				
2022.05.10 20th meeting of the 19th board	(1) Proposal for the establishment of 2022 ex-dividend date and related matters.	✓	-	
	(2) Proposal for the investee Shinih Holding Company LTD to establish holding company in China.	✓	-	
	(3) Proposal for the Company's application of extension of existing short-term comprehensive credit with E. Sun Commercial Bank.	✓	-	
	(4) Proposal for the Company's extension of endorsements/guarantees provided to Shinih Holding Company LTD applying for existing short-term credit extension with E. Sun Commercial Bank.	✓	-	
	Opinion of independent directors: None.			
Company's handling for the opinions of independent directors: Not applicable.				
Resolution result: After all attending directors agreed with the proposal without objections, this case was passed as proposed.				
2022.08.09 2th meeting of the 20th board	(1) Proposal for amendments to the "Management Procedures for the Preparation of Financial Statements".	✓	-	
	(2) Proposal of the Company's first time of repurchase of treasury stocks and transfer to employees for subscription.	✓	-	
	(3) Proposal for the Company's extension of endorsements/guarantees provided to Shinih Holding Company LTD applying for existing short-term credit extension with Taipei Fubon Commercial Bank.	✓	-	
	(4) Proposal for the Company's extension of endorsements/guarantees provided to Shinih Holding Company LTD applying for existing short-term credit extension with Cathay United Bank.	✓	-	
	(5) Proposal for the Company's endorsements/guarantees provided to Taiwan Kureha Co., Ltd. applying for existing short-term credit extension with Taipei Fubon Commercial Bank.	✓	-	
	(6) Proposal for the Company's extension of endorsements/guarantees provided to SAMERICAN OUTDOOR LIVING INC applying for existing short-term credit extension.	✓	-	
	(7) Proposal for the Company's extension of endorsements/guarantees provided to VFT INC. applying for existing short-term credit extension.	✓	-	
	(8) Proposal for the Company's application of extension of existing short-term comprehensive credit amount with Taipei Fubon Commercial Bank.	✓	-	
	(9) Proposal for the Company's application of extension of existing short-term credit amount with Cathay United Bank.	✓	-	
	(10) Proposal for the Company's application of extension of existing short-term credit amount with CTBC Bank.	✓	-	
	(11) Proposal for the Company's application of extension of existing short-term comprehensive credit amount with Land Bank of Taiwan.	✓	-	
	(12) Proposal for the Company's application of extension of existing short-term credit amount with Bank SinoPac.	✓	-	
	(13) Proposal for the Company's application of extension of existing short-term credit amount with Shanghai Commercial & Savings Bank.	✓	-	
	(14) Proposal for the Company's application of extension of existing short-term comprehensive credit amount with Hua Nan Commercial Bank.	✓	-	
	Opinion of independent directors: None.			
Company's handling for the opinions of independent directors: Not applicable.				
Resolution result: After all attending directors agreed with the proposal without objections, this case was passed as proposed.				
2022.11.08 3th meeting of the 20th board	(1) Proposal for the Company and investees to review self-settled financial statements with or without substantial financing.	✓	-	
	(2) Proposal for the Company's change of application of extension of existing short-term credit amount with CTBC Bank.	✓	-	

Date and Time	Critical resolution matters	Matters Listed on §14-3 of the Securities and Exchange Act	Dissenting or qualified opinions of independent directors
	(3) Proposal for the Company's application of medium-term comprehensive credit extension with Shanghai Commercial & Savings Bank. (4) Proposal for relocation of real estate disposition of Taisin Fabric Products (Suzhou) Co., Ltd. invested by the Company due to policies (5) Proposal for activation of assets of Shinih Cambodia invested by the subsidiary Shinih Holding invested by the Company. Opinion of independent directors: None. Company's handling for the opinions of independent directors: Not applicable. Resolution result: After all attending directors agreed with the proposal without objections, this case was passed as proposed.	✓ ✓ ✓	- - -
2022.11.24 4th meeting of the 20th board	(1) Proposal for relocation of real estate disposition of Shinih Fabric Products (Suzhou) Co., Ltd. invested by the Company due to policies Opinion of independent directors: None. Company's handling for the opinions of independent directors: Not applicable. Resolution result: After all attending directors agreed with the proposal without objections, this case was passed as proposed.	✓	-
2022.12.15 5th meeting of the 20th board	(1) Proposal for the Company's 2023 Audit Plan. (2) Proposal for the Company's extension of endorsements/guarantees provided to Shinih Holding Company LTD applying for existing short-term credit extension with Mega International Commercial Bank. (3) Proposal for the Company's application of extension of existing short-term credit amount with Mega International Commercial Bank. Opinion of independent directors: None. Company's handling for the opinions of independent directors: Not applicable. Resolution result: After all attending directors agreed with the proposal without objections, this case was passed as proposed.	✓ ✓ ✓	- - -
2023.03.24 6th meeting of the 20th board	(1) Proposal for the assessment on the independence and competency of CPAs retained by the Company. (2) The Company's 2022 Statement of Internal Control System. (3) The Company's 2022 proposal for distribution of remunerations of employees and directors (4) The Company's 2022 Business Report and Financial Statements. (5) The Company's 2022 proposal for distribution of earnings. (6) Proposal for the Company's application of extension of existing medium-term credit amount with KGI Bank. (7) Proposal for the Company's extension of endorsements/guarantees provided to Shinih Holding Company LTD applying for existing short-term credit extension with Taishin International Bank. (8) Proposal for the Company's application of extension of existing short-term credit amount with Taishin International Bank. Opinion of independent directors: None. Company's handling for the opinions of independent directors: Not applicable. Resolution result: After all attending directors agreed with the proposal without objections, this case was passed as proposed.	✓ ✓ ✓ ✓ ✓ ✓ ✓	- - - - - - -

Table 2: Board of Directors' Evaluation of Implementation Status

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Performed once a year	January 1, 2022 to December 31, 2022	Board of directors	Internal self-evaluation of the board of directors and reported at the most recent board of directors' meeting at the end of the year	The content, method, execution and results of the relevant evaluation have been disclosed on the Company's website http://www.shinih.com
		Individual board members	Internal self-evaluation of individual board member and reported at the most recent board of directors' meeting at the end of the year	

(II) Audit Committee Operation Status

In the last year, audit committee meetings were held 7 (A) times. The attendance status of independent directors is as follows:

Title	Name	Actual attendance number (B)	Attendance by proxy	Actual attendance rate (%) [B/A](Note)	Note
Independent Directors	Shu-Fen Wang	7	0	100%	Re-elected on 2022.06.17
Independent Directors	Kuang-Wu Lu	7	0	100%	Re-elected on 2022.06.17
Independent Directors	Tung-Yao Wu	5	0	100%	Appointed on 2022.06.17
Independent Directors	Juei-Mao,Hsu	2	0	100%	Step down on 2022.06.17

Work Agenda:

Official powers of the audit committee

- (1) Adoption or amendment of an internal control system pursuant to Article 14-1 of Securities and Exchange Act.
- (2) Assessment of the effectiveness of the internal control system.
- (3) Adoption or amendment, pursuant to Article 36-1 of Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- (4) A matter bearing on the personal interest of a director.
- (5) A material asset or derivatives transaction.
- (6) A material monetary loan, endorsement, or provision of guarantee.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) The hiring or dismissal of a certified public accountant, or the compensation given thereto.
- (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
- (10) Annual and semi-annual financial reports. The major financial statements shall also be signed or sealed on each page by the issuer's chairperson, managerial officer, and principal accounting officer.
- (11) Any other material matter so required by the company or the Competent Authority.

Other matters that should be recorded:

I. When one of the following situations has occurred to the operations of the Audit Committee, state the date, term, content of proposals as well as any objections, reservations, or major recommendations of the independent directors, along with the results of resolutions by the Audit Committee and the Company's actions in response to the resolutions.

(I) Matters listed in Article 14-5 of the Securities and Exchange Act:

Date and Time	Content of motion	Audit Committee Resolution result	The Company's handling of the audit committee review opinions
2022.03.25 18th meeting of the 2th board	(1) Proposal for relocation of real estate disposition of Shinih Fabric Products (Suzhou) Co., Ltd. and Taisin Fabric Products (Suzhou) Co., Ltd. invested by the Company due to policies	All independent directors present agreed to approve the proposal and submit it to the board of directors.	The resolution of the board of directors was approved as written.
	(2) Proposal for establishment of subsidiary by the investee Shinih USA INC.		
	(3) Proposal for the assessment on the independence and competency of CPAs retained by the Company.		
	(4) The Company's 2021 Statement of Internal Control System.		
	(5) The Company's 2021 Business Report and Financial Statements.		
2022.05.10 19th meeting of the 2th board	(1) Proposal for the establishment of 2022 ex-dividend date and related matters.	All independent directors present agreed to approve the proposal and submit it to the board of directors.	The resolution of the board of directors was approved as written.
	(2) Proposal for the investee Shinih Holding Company LTD to establish holding company in China.		
	(3) Proposal for the Company's extension of endorsements/guarantees provided to Shinih Holding Company LTD applying for existing short-term credit extension with E. Sun Commercial Bank.		
2022.08.09 2th meeting of the 3th board	(1) Proposal for amendments to the "Management Procedures for the Preparation of Financial Statements".	All independent directors present agreed to approve the proposal and submit it to the board of directors.	The resolution of the board of directors was approved as written.
	(2) Proposal for the Company's extension of endorsements/guarantees provided to Shinih Holding Company LTD applying for existing short-term credit extension with Cathay United Bank.		
	(3) Proposal for the Company's endorsements/guarantees provided to Taiwan Kureha Co., Ltd. applying for existing short-term credit extension with Taipei Fubon Commercial Bank.		
	(4) Proposal for the Company's extension of endorsements/guarantees provided to Samerican Outdoor Living Inc applying for existing short-term credit extension.		

Date and Time	Content of motion	Audit Committee Resolution result	The Company's handling of the audit committee review opinions
2022.08.09 2th meeting of the 3th board	(5) Proposal for the Company's extension of endorsements/guarantees provided to Samerican Outdoor Living Inc applying for existing short-term credit extension.	All independent directors present agreed to approve the proposal and submit it to the board of directors.	The resolution of the board of directors was approved as written.
	(6) Proposal for the Company's extension of endorsements/guarantees provided to VFT INC. applying for existing short-term credit extension.		
2022.11.08 3th meeting of the 3th board	(1) Proposal for the Company and investees to review self-settled financial statements with or without substantial financing.	All independent directors present agreed to approve the proposal and submit it to the board of directors.	The resolution of the board of directors was approved as written.
	(2) Proposal for relocation of real estate disposition of Taisin Fabric Products (Suzhou) Co., Ltd. invested by the Company due to policies		
	(3) Proposal for activation of assets of Shinih Cambodia invested by the subsidiary Shinih Holding invested by the Company.		
2022.11.24 4th meeting of the 3th board	(1) Proposal for relocation of real estate disposition of Shinih Fabric Products (Suzhou) Co., Ltd. invested by the Company due to policies	All independent directors present agreed to approve the proposal and submit it to the board of directors.	The resolution of the board of directors was approved as written.
2022.12.15 5th meeting of the 3th board	(1) Proposal for the Company's extension of endorsements/guarantees provided to Shinih Holding Company LTD applying for existing short-term credit extension with Mega International Commercial Bank.	All independent directors present agreed to approve the proposal and submit it to the board of directors.	The resolution of the board of directors was approved as written.
	(2) Proposal for the Company's application of extension of existing short-term credit amount with Mega International Commercial Bank.		

(II) In addition to the above mentioned items, other resolutions not approved by the Audit Committee but approved by two-thirds or more of the Company's directors: None.

II. The independent directors' avoidance of interest motion should indicate the names of the independent directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting: None.

III. Please refer to Table 1 for the Audit Committee Evaluation Execution Status.

IV. Independent directors' communication with internal auditors and accountants:

(I) The internal audit officer of the Company performs audit report and discussion with the Audit Committee periodically, and after the issuance of the periodic audit report, discussion and communication are also made on questions raised by the committee members. The communication status between the independent directors and internal audit officer of the Company is also proper.

(II) The CPA team of the Company communicates the financial statements audit or review result of the current quarter and other communication matters required by the laws and regulations during the Audit Committee meetings quarterly. The communication status between the independent directors of the Company and CPA team is proper.

(III) Independent directors' communication with internal auditors and accountants:

Date	Meetings	Communication subject	Communication status and Independent Directors' opinions	Actions in response to independent directors' opinions
2022.03.25	Audit Committee	Internal auditors	Report on 2021 self-evaluation on internal control system implementation status. Report on audit plan implementation status.	Issuance of statement of internal control approved by the board of directors through resolution. Acknowledged by attending committee members
		CPAs	Financial statements communication. Report on corporate governance related matters audit result.	Acknowledged by attending committee members. Acknowledged by attending committee members.
2022.05.10	Audit Committee	Internal auditors CPAs	Report on audit plan implementation status. Financial statements communication.	Approved through resolution and reported to board of directors Acknowledged by attending committee members
2022.08.09	Audit Committee	Internal auditors CPAs	Report on audit plan implementation status Financial statements communication.	Approved through resolution and reported to board of directors for acknowledgement.
2022.11.08	Audit Committee	Internal auditors CPAs	Report on audit plan implementation status Financial statements communication.	Approved through resolution and reported to board of directors Acknowledged by attending committee members.
2022.12.15	Audit Committee	Internal auditors CPAs	Establishment of 2023 audit plan Communication on 2022 audit plan related matters	Approved through resolution and reported to board of directors Audit performed according to the plan, and reported to the board of directors during March of next year.

Note : The actual attendance rate (%) is calculated based on the number of board meetings and the number of actual attendance during the term of office.

Table 1: Audit Committee Evaluation Implementation Status

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once annually	2022.01.01 ~ 2022.12.31	Performance of Audit Committee	Internal self-evaluation of the Audit Committee and reported at the most recent board of directors' meeting at the end of the year	Evaluation content at the end of the year is disclosed under the Corporate Governance Section of the Company's website: http://www.shinih.com

(III) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	◎		The Company has established the “Corporate Governance Best Practice Principles” and has disclosed these Principles on the Market Observation Post System (MOPS) website and the Company’s website.	No major difference.
2. Shareholding structure & shareholders’ rights				
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	◎		(1) The Company has established the spokesperson system as the service contact for the shareholders’ recommendations, concerns, disputes and litigations related issues, and the contact information is also disclosed on the Company’s website.	No major difference.
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	◎		(2) The Company obtains the list of shareholders according to the shareholders’ roster on the book closure date. In addition, change status of equity held by insiders is reported monthly according to Article 25 of the Securities and Exchange Act, and the list of major shareholders having substantial control of the Company is also understood at all time.	No major difference.
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	◎		(3) The Company complies with relevant regulatory requirements and has established the “Regulations for Supervision of Subsidiaries” and “Regulations for Handling Transactions with Related Parties, Specific Companies and Group Enterprises” as the compliance basis for business dealings with enterprises.	No major difference.
(4) Does the company establish internal rules against insiders trading with undisclosed information?	◎		(4) The Company has established the “Procedures for Handling Internal Material Information and Prevention of Insider Trading” as the compliance basis for insiders’ trading of securities.	No major difference.
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board develop and implement a diversified policy for the composition of its members?	◎		(1) The Company performs planning of the overall arrangement of the board of directors and member selection criteria according to the internally established “Procedures for Election of Directors”. For relevant implementation status, please refer to page 20 of this Annual Report.	No major difference.
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		◎	(2) Presently, the Company has established the Remuneration Committee and Audit Committee, and other functional committees will be established depending upon the actual operational needs in the future.	The Company will evaluate the establishment of relevant functional committees according to the regulatory environment and the substantial business needs of the Company.
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	◎		(3) The Company has established the “Procedures for Self-evaluation or Peer Evaluation of the Board of Directors”, and the 2022 self-evaluation result has been reported to the board of directors on March 24, 2023 and disclosed on the Company's website. In addition, review and improvement are performed with respect to the evaluation result, which is also used as the reference information of the remuneration and nomination of consecutive terms of directors.	No difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?	◎		(4) The assessment results for the most recent two years on the independence and competency of the CPAs have been performed by the Audit Committee and the board of directors on March 24, 2023 and March 25, 2022 respectively. The CPAs issues the “Independence Declaration” and their educational background experience have been reviewed according to the Code of Professional Ethics for Accountants of the Republic of China, and the assessment items established are publicly disclosed under the Governance Section of the Company's website.	No difference.
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	◎		The stock affairs is responsible for the Company's corporate governance related affairs, including coordinating the meeting of the Board of Directors and functional committees, preparing meeting minutes and related matters, assisting directors in their onboarding and continuing education, providing directors with information required for business execution, assisting directors in complying with laws and regulations, registering Company changes, and other matters stipulated in the Company's Articles of Incorporation or contracts, etc. At the 19rd session (6th meeting) of the Board of Directors on March 24, 2023, Mr. Chung-Nan Shih, having more than three years of experience in the Company's internal audit as well as in managing units of corporate governance related affairs, Assistant Vice President Mr. Chung-Nan Shih was appointed the Head of Corporate Governance. The governance related affairs of the current year are summarized in the following: 1. Relevant operations and affairs of the Audit Committee, board of directors and shareholders' meeting. 2. Amendment of governance rules and regulations. 3. Continuing professional educations are arranged for directors or professionals are invited to proceed to the Company to provide seminars, directors' liability insurance are applied in compliance with corporate governance related regulations and the nomination system is promoted for directors completely.	No major difference.
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	◎		The Company's website (https://www.shinih.com) is established with the Stakeholders Section. In addition, the internal business management operation items are also established with corresponding contacts.	No major difference.
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	◎		The Company has established the stock affairs unit to handle shareholders' meeting related affairs, and the Company further entrusts the Agency Department of CTBC Bank as the stock affairs agency of the Company to assist the handling of shareholders' meeting related affairs.	No major difference.
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	◎		(1) Relevant disclosure information is as follows: The Company's website is established with the Investor and Governance Section, and the Company's financial and governance related information is disclosed to facilitate investors' review and reference. In addition, the Company has designated relevant personnel to handle the maintenance thereof.	No major difference.
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	◎		(2) Other information disclosure method is as follows: 1. Designate specific personnel to be responsible for the collection and disclosure of corporate information: The Company has established the stock affairs unit and dedicated personnel have been assigned to be responsible for the information collection and disclosure. 2. Implementation of spokesperson system: Presently, the Company's President acts the external spokesperson, and the deputy spokesperson's contact information is also provided for the contact and response of relevant matters.	No major difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		◎	3. Investor conferences process is disclosed on the Company’s website: The Company organizes investor conference periodically according to relevant laws and regulations. Relevant information of the investor conference is also provided on the Investor Section of the Company’s website for review after the conference. (3) Announcement is made within the specified time-limit.	No difference.
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	◎		1. Employees’ rights and interests: and employee care: The Company has established various employee welfare measures, continuing education, training, retirement system and numerous employee service regulations, in order to protect the rights and interests of employees. The Company’s domestic and overseas business locations have set up employee cafeteria and provides employee accommodation for employees on business trips. To reduce accidents and injuries at work, the Company also applies for employee occupational disaster or accident insurances according to the nature of the job. 2. Investor relationship: The Company has established the spokesperson system, and the stock affairs unit and the stock affairs agency provide various investor services, in order to achieve proper investor relationship. 3. Supplier relationship: The Company has established the materials unit, and suppliers of great reputation are selected via fair and transparent method for collaboration, in order to protect the rights and interests of both parties. 4. Rights of stakeholders: The Company’s website has established the stakeholder interaction section, and various stakeholder contact window personnel are provided for interaction. 5. Continuing education status of directors: All directors are equipped with the industrial and professional experience in practice, and information is further provided according to required courses. 6. Implementation status of risk management policy and risk measurement criteria: Various internal regulations are established according to the law, and the Audit Committee performs risk management supervision according to the audit report on a quarterly basis. 7. Implementation status of customer policy: The Company has established customer credit extension regulations to serve as the compliance standard for business dealings and management of relevant customers. 8. To protect directors and managerial officers from personal liabilities and financial losses due to litigations filed by third party in the course of their job duties, the Company has applied the liability insurances for directors and managerial officers.	No difference.
<p>9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. The following is a description of the evaluation indicators based on the results of the Company’s 9th Corporate Governance Review, for which the Company did not achieve the required scores but has made improvements:</p> <p>(1) (Indicator 1.10): : Has the company uploaded the English version of the procedural manual and meeting supplementary materials 30 days before the regular shareholders' meeting? Improvement progress: Yes ∙ This year, the company expects to upload the English version of the procedure manual and supplementary materials for the meeting 30 days before the regular shareholders' meeting.</p> <p>(2) (Indicator 1.11) : Does the company upload the English version of the annual report 7 days before the regular shareholders meeting? Improvement progress: Yes ∙ The company expects to upload the English version of the annual report 16 days before the regular shareholders' meeting this year.</p> <p>(3) (Indicator 3.5) : Does the company upload the annual financial report disclosed in English 16 days before the ordinary shareholders meeting? Improvement progress: Yes ∙ This year, the company is expected to upload the annual financial report in English 16 days before the regular shareholders' meeting.</p>				

(IV) If the company has established a remuneration committee, the committee's composition and operations must be disclosed.

1. Remuneration Committee Member Information

Identity	Condition	Professional qualifications and experience	Independence	Also served as a member of remuneration committees for how many other companies
	Name			
Convener Independent Directors	Kuang-Wu Lu	Please refer to (I) the Director Information - 2 Table on Page 19 for more details of the Directors.	Please refer to (I) the Director Information - 2 Table on Page 19 for more details of the Directors.	0
Independent Directors	Shu-Fen Wang			1
Independent Directors	Tung-Yao Wu			0

2. Responsibilities:

The “Remuneration Committee Charter” established by the Company has explicitly specify the responsibilities of the Remuneration Committee. However, to facilitate the implementation of duties and to provide compliance guidance, the board of directors has further approved the amendment of the “Rules for the Responsibility Scope of Remuneration Committee” on December 18, 2020, and its authorities and responsibilities are summarized in the following:

Remuneration Committee shall act as a prudent administrator with due care to perform the following duties faithfully, and shall submit the recommendations proposed to the board of directors for discussion:

- (1) Periodic review the Remuneration Committee Charter periodically and propose revision recommendations.
- (2) Establish and periodically review the performance evaluation of the annual and long-term performance goals of the directors and managerial officers of the Company as well as the policy, system, standard and structure for the remuneration.
- (3) Periodically evaluate the performance goal achievement status of the directors and managerial officers of the Company, review and assess the individual remuneration content and amount based on the evaluation result obtained according to the performance evaluation standard.

3. Remuneration Committee Operation Status

(1) The company's remuneration committee comprised 3 members.

(2) Current term for the members: The term of the 20th board of directors expires on June 17, 2020. The latest remuneration committee has held five meetings (A); member qualifications and attendance records are as follows:

Title	Name	Actual attendance number (B)	Attendance by proxy	Actual attendance rate (%) (B / A) (Note)	Note
Convener	Kuang-Wu Lu	5	0	100%	Re-elected on 2022.06.17
Committee Member	Shu-Fen Wang	5	0	100%	Re-elected on 2022.06.17
Committee Member	Tung-Yao Wu	4	0	100%	Appointed on 2022.06.17
Committee Member	Juei-Mao Hsu	1	0	100%	Step down on 2022.06.17

Other matters that should be recorded:

I. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Remuneration Committee, the date of the Directors' Meeting, session, contents of proposals, results of meeting resolutions, and the Company's disposition of opinions provided by the Remuneration Committee shall be described in detail (also, where the salary and compensation approved by the Directors' Meeting is better than that recommended by the Remuneration Committee, the differences and the reason for the approval shall be described in detail).

Date and Time	Content of motion	Remuneration Committee Resolution result	The Company's handling of the Remuneration Committee review opinions
2022.03.25 8th meeting of the 4th board	1. The Company's proposal for 2021 performance evaluation of managerial officers and Remuneration Committee.	All members present agreed to approve the proposal and submit it to the board of directors for resolution.	Acknowledged by the Board of Directors
	2. The proposal for distribution of 2021 remunerations of employees and directors.	All members present agreed to approve the proposal and submit it to the board of directors for resolution.	The resolution of the board of directors was approved as written.
2022.06.17 1th meeting of the 5th board	1. Proposal for the election of convener and chair of the 5th term of Remuneration Committee of the Company.	Proposal passed.	Implemented in accordance with the contents of the resolution.
2022.06.17 2th meeting of the 5th board	1. Report 110 annual Q1~Q3 directors' remuneration and manager's salary, submit for ratification.	All members present agreed to approve the proposal and submit it to the board of directors for resolution.	The resolution of the board of directors was approved as written.
	2. Shinih Enterprise Co., Ltd.'s Enforcement Rules for Transferring Repurchased Shares to Employees are submitted for ratification.		
	3. Proposal for the Company's first treasury shares transferred to managerial officers' shares for the first time.		
2022.11.08 3th meeting of the 5th board	Only report.		
2022.12.15 4th meeting of the 5th board	1. The list of additional managerial officers is proposed and announced for a total of three new managerial officers, submitted for review and approval.	All members present agreed to approve the proposal and submit it to the board of directors for resolution.	The resolution of the board of directors was approved as written.
	2. Proposal for 2021 US subsidiary's distribution of earnings for remuneration (operation bonus) of managerial officers and department heads, submitted for review and approval.		
112.03.24 5th meeting of the 5th board	1. The Company's proposal for 2022 performance evaluation of managerial officers and Remuneration Committee.	All members present agreed to approve the proposal and submit it to the board of directors for resolution.	The resolution of the board of directors was approved as written.
	2. The proposal for distribution of 2022 remunerations of employees and directors.		
	3. Management Measures for Directors and Managers' Remuneration.		
	4. Report to the Head of Corporate Governance.		

Note : The actual attendance rate (%) is calculated based on the number of board meetings and the number of actual attendance during the term of office.

II. If there are objections or reservations by the members that have been recorded in writing during the remuneration committee resolution, the remuneration committee meeting's date, period, motion content, the opinions of all of the members, and treatment of the member's opinions must be disclosed in detail. None.

III. Please refer to Table 1 for the Remuneration Committee Evaluation Execution Status.

Table 1: Remuneration Committee Evaluation Implementation Status

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once annually	2022.01.01 ~ 2022.12.31	Performance of Remuneration Committee	Internal self-evaluation of the Remuneration Committee and reported at the most recent board of directors' meeting at the end of the year	Evaluation content at the end of the year is disclosed under the Corporate Governance Section of the Company's website: http://www.shinih.com

(V) Fulfillment of CSR and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

The Company has always emphasized the importance of environmental protection and social participation. Accordingly, during the corporate development process, the Company is committed to the research and development of various pollution-free materials and products, and also values resources recycle and regeneration. Presently, the Company has achieved certain outcome and also returns to the society irregularly at the same time. The Company also donates the Company's products to charity organizations.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	◎		The Company has established the Corporate Social Responsibility Best Practice Principles and the board of directors has also approved the appointment of the Chief Sustainability Officer on 2022/08/09, and the carbon inspection progress is reported to the board of directors on a quarterly basis.	No major difference.
2. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	◎		The Company's management irregularly assesses external factors according to the principle of materiality and whether the internal of the Company performs risk assessment on the issues of external environment, society and internal corporate governance. Accordingly, the Company has also established the "Sustainable Development Best Practice Principles" and relevant regulations. In the future, if there is management practical needs, the Company will establish relevant risk management policies or strategies.	No major difference.
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	◎		(1) The Company has always implemented the management industrial environment in the daily operation, including the processes from collection and evaluation of raw material characteristics to the property analysis and review during the manufacturing process. In addition, the Company has established appropriate environmental management system and has obtained the international environmental protection BLUESIGN certification mark.	No major difference.
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	◎		(2) For products manufactured by the Company, their primary raw materials are eco-friendly materials, and during the manufacturing process, the Company has not added any excessive environmental pollution elements. The green supply chain is promoted for the purchase system, and REACH EU's chemical control policy and supply chain with RoHS eco-friendly mark are the main criteria adopted by the Company. In addition, the Company is also equipped with the Global Recycle Standard (GRS) certification	No major difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	◎		mark. (3) The Company’s greenhouse gas: emissions complies with the requirements of the competent authority, and relevant operation permits have been obtained. Furthermore, the inspection data is reported on a quarter basis. In addition to the periodic monitoring of data, the Company has also established the emission reduction strategy, and relevant environmental protection data and strategies are disclosed on the Company's website	No major difference.
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	◎		(4) The Company is not in an industry of high energy consumption and has not installed or used facilities and equipment that generate large amount of greenhouse gas. The office area actively promotes the energy saving and carbon reduction activities, and the Company also encourages waste classification and recycle along with the use of eco-friendly chopsticks and cups, in order to reduce impact on the environment. Presently, the Company is under the inspection stage, and the Company's website discloses the two-year greenhouse gas: emissions, water consumption and waste total weight for the last two years. in the future, the Company will establish the target and management policy in order to achieve the objective of reduction thereof.	No major difference.
4. Social issues				
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	◎		(1) During the establishment of relevant human resource policies, the Company ensures that all employees, regardless of race, religious belief, skin color, gender and nationality, are able to receive fair treatment with dignity according to various labor and gender equality related laws announced by the government.	No major difference.
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	◎		(2) Employee welfare measures (including salary, leave and other benefits) are explicitly specified in the employee work rules and management regulations. The internal salaries of the Company are adjusted according to the job position assessment system and the market salary survey, and reasonable salary standard is also established and introduced. In addition, positive feedbacks are provided and job promotion system cooperates correspondingly via the employee annual performance evaluation system.	No major difference.
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	◎		(3) The Company has established the Code of Conducts for Employees, and physical health examination and facility site accident prevention drills and seminars are arranged periodically for employees. In addition, the Company also provides employee dormitory and cafeteria to protect the safety and health of employees.	No major difference.
(4) Does the company provide its employees with career development and training sessions?	◎		(4) In addition to internal and external professional education and training as well as internal e-learning online platform for the training of employees' professional skills, the Company also implements internal job promotion system in order to effectively promote outstanding employees and to achieve the vision of adequate development in the professional field.	No major difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?</p> <p>(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.</p>	<p>◎</p> <p>◎</p>		<p>(5) The Company has been established for decades and has been able to make appropriate and proper adjustments and compliance for the marketing and labeling of products and services along with the change of the regulations and environment. Product applicable fields and regions of sales have complied with relevant regulations and international standards broadly and properly.</p> <p>(6) For the raw materials and equipment purchased by the Company, the Company signs purchase agreements/contracts with suppliers according to the nature of the purchase. In addition, the Company also requests suppliers and products to comply with relevant laws and regulations according to the purchase agreement/contract requirements. However, with regard to the corporate social responsibility policy of suppliers and its impact on the environment and society, presently, the contracts and agreements have no binding power or constituent elements.</p>	<p>No major difference.</p> <p>Based on the corporate social responsibility and sustainable protection for the environment, the Company will coordinate suppliers to achieve the protection of environment and to fulfill the social responsibility through joint effort.</p>
<p>5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?</p>		<p>◎</p>	<p>Presently, the Company is not an enterprise required for the preparation of ESG Report according to the laws. Nevertheless, the Company will prepare and disclose the ESG Report according to the requirements of the competent authority of the law in the future.</p>	<p>It is under internal evaluation.</p>
<p>6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies: Presently, the Company is not an enterprise required for the preparation of ESG Report according to the laws. Consequently, no ESG Report has been prepared.</p>				
<p>7. Other useful information for explaining the status of corporate social responsibility practices:</p> <p>The Company's four main business philosophies: Ethics, Practice, Innovation and Return. The Company emphasizes the internal commitments made for the environmental protection, social welfare, consumer service, public safety and health during the industrial development process. In practice, the Company has also properly implemented the business philosophies from the purchase of raw materials, R&D of technologies, manufacturing of products to consumer protection and participation and investment in social welfare activities, such that the Company continues to improve and to advance with the time. In the future, the Company plans to contribute further in the public sector and to head toward the systematic design and promotion, in order to further achieve the commitment and implementation of corporate social responsibility.</p>				

(VI) Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p> <p>(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?</p>	<p>⊙</p> <p>⊙</p> <p>⊙</p>		<p>(1) The Company has established the Ethical Corporate Management Best Practice Principles and has also established detailed operation procedure and guidelines for conduct. In addition, the Company actively implements ethical management policy.</p> <p>(2) The Company has established rigorous internal control system, internal audit system and effective accounting system. For all business conducts or transaction modes occurred during the corporate management process, certain procedures are adopted for control and regulation, and written documents are also preserved for post-event tracking and review.</p> <p>(3) The Company's Ethical Corporate Management Best Practice Principles have explicitly specified prevention programs and the scope of prevention programs. In addition, precautions for directors, managerial officers, employees and personnel having substantial control during their execution of duties are specified, and the personnel management rules also specify matters and requirements for employees' compliance.</p>	<p>No major difference.</p> <p>No major difference.</p> <p>No major difference.</p>
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p>	<p>⊙</p>		<p>(1) For transaction counterparties of business activities, including upstream suppliers and downstream customers, the Company has established various basic information of the transaction counterparties and preliminary credit check operation according to the supplier management regulations and customer credit extension system during the early stage of transactions. In addition, the Company also signs commercial contracts whenever necessary in order to prevent occurrence of unethical transactions and behaviors.</p>	<p>No major difference.</p>

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?		⊙	(2) The Company designates the Audit Department as the responsible unit. The periodic reporting of the supervision execution status to the board of directors has not yet been made; however, it is implemented in the daily rules of each department. In addition, all material matters related to the business operation are reported to the board of directors according to the regulations or submitted to the board of directors for approval before execution.	No major difference.
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	⊙		(3) The Company’s board meeting convention notice has specified the conflict of interest recusal requirements for directors. When any director or judicial person represented by director is in conflict of interest such that there is a likelihood of damaging the interest of the Company, the director may express his/her opinions and raise questions or provide answers; however, he/she must not participate in the discussion and voting, and shall also recuse himself/herself during discussion or voting; in addition, he/she is prohibited to act as a proxy for other director to exercise the voting right. In addition, all directors shall implement self-discipline and must prevent improper supports with each other. In addition, to prevent conflict of interest, the Company has set up the Shinih newsletter as the report channel for employees, followed by the investigation and understanding of the audit unit and Audit Committee, in order to achieve early prevention and guidance, thereby preventing occurrence of improper conflict of interest.	No major difference.
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	⊙		(4) For all business conducts or transaction modes occurred during the corporate management process, the Company has adopted certain procedures for control and regulation, and written documents are also preserved for post-event tracking and review. All operations are performed according to the internal system, and auditors establish relevant audit plan based on the internal control principle and implement and track the same accordingly. Furthermore, improvement requests are made whenever necessary.	No major difference.
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	⊙		(5) The Company implements the ethical management philosophy in the daily requirements of each department. In addition, the Company has established the Procedures for Ethical Management and Guidelines for Conduct in order to regulate precautions for directors, managerial officers, employees and personnel having substantial control during their performance of duties.	No major difference.

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>3. Operation of the integrity channel</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?</p> <p>(3) Does the company provide proper whistleblower protection?</p>	<p>◎</p> <p>◎</p> <p>◎</p>		<p>(1) The Company has established the Procedures for Ethical Management and Guidelines for Conduct to specifically regulate matters requiring attention during the execution of duties by the Company’s personnel. In addition, the Company designates the Audit Department as the responsible unit, under the board of directors, for handling the amendment, execution, interpretation, consultation service and content reporting as well as registration and filing related operations of these procedures and guidelines for conduct and supervision thereof.</p> <p>(2) For the investigation standard operation procedure and relevant confidentiality mechanism for the reported matters accepted by the Company, the Company has established the regulations for handling reported illegal cases and misconduct or unethical conduct cases. In addition, the Company has set up the contact window on the Company’s website, or utilizes the Shinih electronic newsletter and Audit Department as the reporting channels. In addition, the reporter’s identity and reported content are kept confidential properly.</p> <p>(3) With regard to the protective measures for reporters, the Company has established the Procedures for Ethical Management and Guidelines for Conduct” to specify relevant requirements.</p>	<p>No major difference.</p> <p>No major difference.</p> <p>No major difference.</p>
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</p>	<p>◎</p>		<p>(1) Relevant disclosure information is as follows:</p> <p>1. The Company’s website (https://www.shinih.com/) is established with the Investor Section, and ethical management related information is disclosed to facilitate investors’ review and reference. In addition, the Company has designated relevant personnel to handle the maintenance thereof.</p> <p>2.The Company’s website provides the platform mechanism for various types of business information maintained and updated timely as well as complete inquiry architecture. In addition, the Company has also announced and declared various operation information on the MOPS according to regulations of the competent authority.</p>	<p>No major difference.</p>
<p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation.</p> <p>The Company has established the Ethical Corporate Management Best Practice Principles according to relevant regulations. Presently, with regard to the operation, in addition to the establishment of the Audit Department as the responsible unit for promoting ethical corporate management, the Company has also established the Procedures for Ethical Management and Guidelines for Conduct as relevant specific rules. In addition, the Company has established rigorous internal control system, internal audit system and effective accounting system. For all business conducts or transaction modes occurred during the corporate management process, certain procedures are adopted for control and regulation, and written documents are also preserved for post-event tracking and review. Particularly, for directors, managerial officers, employees or personnel having substantial control of the Company, the Company specifically urges them to comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, relevant regulations for public companies and other business conduct related laws, in order to achieve the implementation of ethical management in principle. Accordingly, presently, the Company has complied with all ethical management related regulations and standards.</p>				

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).</p> <p>The Company upholds the principle of ethical management operation. In case where there is any concern on violating the best practice principles during the operation process, the Company performs review at all time and makes relevant correction whenever necessary, in order to satisfy the highest standard of corporate ethical management.</p>				

(VII) Corporate Governance Guidelines and Regulations

To establish proper governance system, sound functions of shareholders’ meeting, board of directors’ meeting and independent directors, operation and authority exercise of various functional committees and to protect the rights and interests of shareholders, the Company has established relevant corporate governance rules according to the corporate governance best practice principles specified by the competent authority. In addition, the Company also discloses newly established or amended relevant regulations and rules on the governance regulations of the Corporate Governance Section of the Company's website <https://www.shinih.com/>.

(VIII) Other Important Information Regarding Corporate Governance

In addition to the aforementioned website, relevant information of the Company is also available for inquiry on the MPOS website.

(IX) Internal Control Systems

1. The internal control system implementation status shall disclose the following matters : Please see page 95.
2. If the internal control system was reviewed by CPAs, the CPAs’ review report: None.

(X) Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control policy in the most recent year up till the publication date of this annual report; describe areas of weakness and any corrective actions taken : None ◦

(XI) Major Resolutions of Shareholders’ Meeting and Board Meetings

I. Major Resolutions of Shareholders’ Meeting

Date	Item	Major resolutions	Status of implementation
2022.06.17	Shareholders’ Meeting	(1) Approved the 2021 business report and financial statements.	The case was passed by vote.
		(2) Approved the Company's 2021 proposal for distribution of earnings.	The proposal was passed by vote, and June 27,2022 was assigned as the ex-dividend date. The distribution of cash dividends of NTD 105,603,100 has been fully paid on July 18,2022.
		(3) Approved the amendment to the Articles of Incorporation of Company.	Amendments on part of the contents of the articles are passed and are announced on the Company's website (Link : https://www.shinih.com/ , Path: Investors/Corporate Governance)
		(4) Approved the amendment to the “Rules of Procedure for Shareholders’ Meetings”.	
		(5) Approved the amendment to the “Procedures for Acquisition or Disposition of Assets”.	
		(6) Approved the cancellation of non-compete restriction for directors of the Company.	The case was passed by vote.

II. Major Resolutions of Board Meetings

Date	Major resolutions
2022.03.25 19th meeting of the 19th board	(1) Approved the proposal for relocation of real estate disposition of Shinih Fabric Products (Suzhou) Co., Ltd. and Taisin Fabric Products (Suzhou) Co., Ltd. invested by the Company due to policies.
	(2) Approved the establishment of subsidiary by the investee Shinih USA INC.
	(3) Approved the assessment on the independence and competency of CPAs retained by the Company.
	(4) Approved the 2021 statement of internal control system of the Company.
	(5) Approved the 2021 business report and financial statements of the Company.
	(6) Approved the Company's 2021 earnings distribution proposal.
	(7) Approved the proposal for the Company's 2021 distribution of remunerations of employees and directors.
	(8) Approved the re-election of directors (including independent directors) of the Company.
	(9) Approved the period and location for accepting directors (including independent directors) candidate nomination for the Company's 2022 general shareholders' meeting.
	(10) Reviewed and approved the candidate rosters of nominated directors (including independent directors).
	(11) Approved the cancellation of non-compete restriction for new directors of the 20th term of the board of the Company.
	(12) Approved the amendment to the Articles of Incorporation of Company.
	(13) Approved the amendment to the "Rules of Procedure for Shareholders' Meetings" of the Company.
	(14) Approved the amendment to the "Procedures for Acquisition or Disposal of Assets" of the Company.
	(15) Approved the amendment to the "Corporate Governance Best Practice Principles" of the Company.
	(16) Approved the amendment to the "Corporate Social Responsibility Best Practice Principles" of the Company.
	(17) Specified the convention date, time and location and reason of convention of the 2021 general shareholders' meeting.
	(18) Approved the proposal for the application of existing short-term credit extension with Chang Hwa Commercial Bank and extension of export documentary credit and medium-term credit extension.
	(19) Approved the proposal for the provision of endorsements/guarantees to Taiwan Kureha Co., Ltd. applying for existing short-term credit extension with Chang Hwa Commercial Bank.
	(20) Proposal for change of endorsements/guarantees provided to Taiwan Kureha Co., Ltd. applying for short-term credit extension with Shanghai Commercial & Savings Bank.
2022.05.10 20th meeting of the 19th board	(1) Proposal for the establishment of the Company's 2021 ex-dividend date and related matters.
	(2) Approved the proposal for the investee Shinih Holding Company LTD to establish holding company in China.
	(3) Approved the proposal for the Company's application of extension of existing short-term comprehensive credit with E. Sun Commercial Bank.
	(4) Approved the proposal for the Company's extension of endorsements/guarantees provided to Shinih Holding Company LTD applying for existing short-term credit extension with E. Sun Commercial Bank.
2022.06.17 1th meeting of the 20th board	(1) Approved the election of the Chairman among the new directors of the 20th term of the board of the Company.
	(2) Approved the appointment of members of the 5th term of Remuneration Committee of the Company.
2022.08.09 2th meeting of the 20th board	(1) Approved the amendments to the "Management Procedures for the Preparation of Financial Statements".
	(2) Approved the appointment of Chairman, Mrs. Jui-Jui Chien, to concurrently act as the Chief Sustainability Officer of the Sustainable Development Planning Department of the Company.
	(3) Approved the proposal of the Company's first time of repurchase of treasury stocks and transfer to employees for subscription.
	(4) Approved the proposal for the Company's extension of endorsements/guarantees provided to Shinih Holding Company LTD applying for existing short-term credit extension with Taipei Fubon Commercial Bank.
	(5) Approved the proposal for the Company's extension of endorsements/guarantees provided to Shinih Holding Company LTD applying for existing short-term credit extension with Cathay United Bank.
	(6) Approved the proposal for the Company's endorsements/guarantees provided to Taiwan Kureha Co., Ltd. applying for existing short-term credit extension with Taipei Fubon Commercial Bank.
	(7) Approved the proposal for the Company's extension of endorsements/guarantees provided to SAMERICAN OUTDOOR LIVING INC applying for existing short-term credit extension.
	(8) Approved the proposal for the Company's extension of endorsements/guarantees provided to VFT INC. applying for existing short-term credit extension.
	(9) Approved the proposal for the Company's application of extension of existing short-term comprehensive credit amount with Taipei Fubon Commercial Bank.
	(10) Approved the proposal for the Company's application of extension of existing short-term credit amount with Cathay United Bank.
	(11) Approved the proposal for the Company's application of extension of existing short-term credit amount with CTBC Bank.
	(12) Approved the proposal for the Company's application of extension of existing short-term comprehensive credit amount with Land Bank of Taiwan.

Date	Major resolutions
2022.08.09 2th meeting of the 20th board	(13)Approved the proposal for the Company’s application of extension of existing short-term credit amount with Bank SinoPac.
	(14)Approved the proposal for the Company’s application of extension of existing short-term credit amount with Shanghai Commercial & Savings Bank.
	(15)Approved the proposal for the Company’s application of extension of existing short-term comprehensive credit amount with Hua Nan Commercial Bank.
2022.11.08 3th meeting of the 20th board	(1) Approved the status that the Company and investees are not subject to the condition of self-settled financial statements with substantial financing.
	(2) Approved the cancellation of non-compete restriction for managerial officers of the Company.
	(3) Approved the proposal for the Company’s application for change of extension of existing short-term credit amount with CTBC Bank.
	(4) Approved the proposal for the Company’s application of medium-term comprehensive credit extension with Shanghai Commercial & Savings Bank.
	(5) Approved the proposal for relocation of real estate disposition of Taisin Fabric Products (Suzhou) Co., Ltd. invested by the Company due to policies, submitted for approval.
	(6) Approved the proposal for activation of assets of Shinih Cambodia invested by the subsidiary Shinih Holding invested by the Company.
2022.11.24 4th meeting of the 20th board	(1) Approved the proposal for relocation of real estate disposition of Shinih Fabric Products (Suzhou) Co., Ltd. invested by the Company due to policies
2022.12.15 5th meeting of the 20th board	(1) Approved the Company’s 2023 business plan.
	(2) Approved the Company’s 2023 budget proposal.
	(3) Approved the Company’s 2023 audit plan.
	(4) Approved the amendment to the “Procedures for Preventing Insider Trading” of the Company.
	(5) Approved the proposal for the Company’s extension of endorsements/guarantees provided to Shinih Holding Company LTD applying for existing short-term credit extension with Mega International Commercial Bank.
	(6) Approved the proposal for the Company’s application of extension of existing short-term credit amount with Mega International Commercial Bank.
	(7) Approved the appointment of the managerial officers of the Company.
	(8) Approved the cancellation of non-compete restriction for managerial officers of the Company.
	(9) Approved the proposal for the Company’s 2021 US subsidiary’s distribution of earnings for remuneration (operation bonus) of managerial officers and department heads.
112.03.24 6th meeting of the 20th board	(1) Approved the assessment on the independence and competency of CPAs retained by the Company.
	(2) Approved the assessment on the independence and competency of CPAs retained by the Company.
	(3) The Company’s 2022 Statement of Internal Control System. .
	(4) The Company’s 2022 distribution of remunerations of employees and directors.
	(5) The Company’s 2022 business report and financial statements.
	(6) The Company’s 2022 earnings distribution proposal.
	(7) Approved Corporate Governance Officer
	(8) Specified the convention date, time and location and reason of convention of the 2022general shareholders’ meeting.
	(9) Proposal for the Company’s application of extension of existing medium-term credit amount with KGI Bank.
	(10) Proposal for the Company’s extension of endorsements/guarantees provided to Shinih Holding Company LTD applying for existing short-term credit extension with Taishin International Bank.
	(11) Proposal for the Company’s application of extension of existing short-term credit amount with Taishin International Bank.
112.04.06 7th meeting of the 20th board	(1) By authorizing the chairman and the management team to conduct research and analysis on the Hanoi branch of the existing Vietnamese subsidiary or the newly established subsidiary, and considering local investment regulations and tax incentives, etc., the chairman is authorized to carry out the investment within a quota of no more than US\$8 million. invest.
	(2) Through the previous investment plan, it is necessary to purchase additional land and factory buildings in the North Vietnam area, and authorize the chairman of the board of directors to consult and negotiate real estate purchases within the amount of US\$5.5 million.

(XII) Documented opinions or declarations made by directors against board resolutions in the most recent year and up to the printing date of the annual report: None.

(XIII) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, or head of R&D in the most recent year and up to the printing date of the annual report: None.

V. Information on fees to CPA

(I) Disclosure of audit fees, non-audit fees, and details of non-audit services:

Unit: NT\$thousand

CPA Accounting Firm Name	CPA Name	CPA Audit period	Public expenses for audit	Non-public expenses for audit					Total	Remark
				System design	Business registration	Human Resources	Others	Subtotal		
Crowe (TW)	Shao Zha Bin Huang Qian Zhe	Jan. 2022 to Dec.2022	4,930	30	8	0	0	38	4,968	-

(II) If the accounting firm has been changed and the annual audit public expenses were lower for the year of the firm change compared to that of the previous year, then audit public expenses before and after the changes and the reason for such changes should be disclosed: Not applicable.

(III) If the audit public expense has been decreased by over 10% compared to the previous year, the amount, ratio, and reason of the public expense reduction shall be disclosed: Not applicable.

(IV) CPA Independence and Competency Assessment Status:

Assessment Item		Assessment Result	Whether the independence criteria are satisfied
One. Independence Criteria Review			
01	Is the accountant or his/her spouse or minor children in investment or financial benefit sharing relationship with the Company?	No	✓
02	Does the accountant or his/her spouse or minor children involve in any fund loaning or borrowing with the Company? However, where the trustor is a financial institution and under normal business relationship, such restriction is not applicable.	No	✓
03	Does the accountant or audit service team member assume the Company's position of director, manager or duties having material impact on the audit case presently or in the last two years?	No	✓
04	Does the accountant or audit service team member promote or act as broker for the stocks or other securities issued by the Company?	No	✓
05	Does the accountant or audit service team member, except for businesses permitted under the laws, represent the Company to defend in legal cases or other dispute matters with a third party?	No	✓
06	Is the accountant or audit service team member in the relationship of spouse, direct relative, direct relative by marriage or second degree of kinship with the Company's directors, managers or personnel handling duties having material impact on the audit case?	No	✓
07	Does the co-practice accountant assume the position of director, manager or duties having material impact on the audit case within one year after discharge from previous job position?	No	✓
08	Does the accountant and the audit service team member receive gifts or presents of significant value from the Company or directors, managers or major shareholders?	No	✓
09	Is the accountant currently employed by the trustor or examinee to perform routine works with a fixed salary payment or assuming the positions of director, supervisor (audit committee member)?	No	✓
Two. Independence Operation Review			
01	When the accountant performs audit, review, second review or project review of the financial statements and issues an opinion letter, in addition to the maintaining of sustainable independence, is the formality independence also maintained?	Yes	✓
02	Do the audit service team members, other co-practice accountants or corporate accounting firm shareholders, accounting firm, affiliate of the firm and alliance firm also maintain their independence from the Company?	Yes	✓
03	Does the accountant uphold the honest and rigorous attitude in executing his/her professional service?	Yes	✓

04	During the execution of professional service, has the accountant maintained fair and objective viewpoint and has prevented personal bias, conflict of interest or personal benefit that may affect the professional judgment?	Yes	✓
05	Has the accountant complied with the requirements of relevant independence specified in the Norm of Professional Ethics for Certified Public Accountant No. 10, and has obtained the "Independence Declaration" issued by the accountant?	Yes	✓
<p>Assessment Result:</p> <p>With regard to the independence criteria review, the Accounting Division of the Company has inspected that the actual accounts <u>does not violate</u> the independence requirements.</p> <p>The accounting firm audit team has issued an declaration to state that there is <u>no violation</u> of independence requirements.</p>			

VI. Information on Replacement of CPAs

(I) Regarding the former CPA

Replacement Date	January 1, 2021		
Replacement reasons and explanations	Due to internal restructuring at Crowe (TW) firm		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties	CPA	The Company
	Termination of appointment	None	
	No longer accepted (continued) appointment		
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	Yes		Accounting principles or practices
			Disclosure of Financial Statements
			Audit scope or steps
			Others
	None	✓	
	Remarks/specify details:		
Other Revealed Matters	None		

(II) Regarding the successor CPA

Name of accounting firm	Crowe (TW)
Name of CPA	Shao Zha Bin · Huang Qian Zhe CPA
Date of appointment	January 1, 2021
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

(III) The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: Not applicable.

VII. The Company’s Chairman, President, Chief Financial Officer, or managers in charge of its financial and accounting operations who served in the firm of the CPAs or its affiliates in the most recent fiscal year: None.

VIII. Share Transfer by directors, managers, and shareholders holding more than 10% equity and changes to share pledging by them in the most recent fiscal year and up to the publication date of this Annual Report

(I) Share equity change status for directors, managers, and major shareholders

Title	Name	2022		As of April 18, 2023	
		Number of shares held added (subtracted) (Shares)	Numbers of pledged shares added (subtracted) (Shares)	Number of shares held added (subtracted) (Shares)	Numbers of pledged shares added (subtracted) (Shares)
Directors	Lee Pont Investment Co., Ltd.	0	0	0	0
Directors	Lee Pont Investment Co., Ltd. Representative : Jui-Jui Chien	0	0	0	0
Directors	Lee Pont Investment Co., Ltd. Representative : James Chiu	0	0	0	0
Directors (Note 1)	Lee Pont Investment Co., Ltd. Representative : Chia-Chin Chien	0	0	0	0
Directors	Xiang Bo International	15,345	0	0	0
Directors	Xiang Bo International Representative : Chiu-Chiu Chien	0	0	0	0
Directors	Ying Hung Investment Co., Ltd.	0	0	0	0
Directors	Ying Hung Investment Co., Ltd. Representative : Chia-Chin Chien	0	0	0	0
Directors (Note 1)	Ying Hung Investment Co., Ltd. Representative : Sheng-Hung Chien	0	0	0	0
Independent Directors	Juei-Mao,Hsu	0	0	0	0
Independent Directors	Kuang-Wu Lu	0	0	0	0
Independent Directors	Shu-Fen Wang	0	0	0	0
Independent Directors (Note 1)	Tung-Yao Wu	0	0	0	0
Chairman/ CSO	Jui-Jui Chien	0	0	0	0
President	Hun-Jung, Chung	0	0	0	0
Vice President	Bing-Shu, Yeh	0	0	0	0
Vice President	Chuan-Yuan, Tai	0	0	0	0
Vice President	Chia-Chin Chien	0	0	0	0
Business Group Vice President	Hun-Jung, Chung	0	0	4,000	0
Special Assistant	Chiu-Chiu Chien	0	0	0	0
Financial Officer (Note 2)	Chung-Nan,Shih	0	0	0	0
Accounting Supervisor	Hui-Ju, Huang	0	0	0	0
Major shareholders holding more than 10% of the shares	Lee Pont Investment Co., Ltd.	0	0	0	0

Note 1 : 2022.06.17 Shareholders’ meeting reassigns representatives and new independent directors

Note 2 : From March 24, 2023, concurrently as the director of corporate governance.

(II) Share equity transfer information for directors, managers, and shareholders with the shareholding ratio of 10% or greater: None.

(III) Equity pledge information for directors, managers, and shareholders with the Shareholding percentage of 10% or greater: None.

IX. Information on the Relationship Between Any of the Top Ten Shareholders (Related Party, Spouse, or Kinship within the Second Degree)

April 18, 2023

Name	Personal shareholding		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Shareholders with the top 10 shareholding ratios who are related, or their spouses and second-degree relatives' names and their respective relationships		Remarks
	Number of shares (Shares)	Shareholding percentage (%)	Number of shares (Shares)	Shareholding percentage (%)	Number of shares (Shares)	Shareholding percentage (%)	Title (or full name)	Relationship	
Lee Pont Investment Co., Ltd.	24,075,234	22.07%	-	-	-	-	-	-	-
Lee Pont Investment Co., Ltd. Representative : Sheng-Hung Chien	499,513	0.46%	-	-	-	-	-	-	-
Grateful Inv. Co., Ltd.	5,173,406	4.74%	-	-	-	-	-	-	-
Grateful Inv. Co., Ltd. Representative : Yuan- Ho Hung	-	-	-	-	-	-	-	-	Note 1
Nakajima Construction Co., Ltd.	5,167,000	4.74%	-	-	-	-	-	-	-
Nakajima Construction Co., Ltd. Representative:Sheng-Hung Chien	-	-	-	-	-	-	-	-	-
Chi Wei Union Inv. Co., Ltd.	5,095,862	4.67%	-	-	-	-	-	-	-
Chi Wei Union Inv. Co., Ltd. Representative : Yu-Shang Lu	-	-	-	-	-	-	-	-	Note 1
Seng Hung Inv. Co., Ltd.	4,632,022	4.25%	-	-	-	-	-	-	-
Seng Hung Inv. Co., Ltd. Representative:Shiu-Hsia Chien	-	-	-	-	-	-	-	-	Note 1
Ying Hung Int. Co., Ltd.	4,442,311	4.07%	-	-	-	-	-	-	-
Ying Hung Int. Co., Ltd. Representative : Ke-Xin Chen	-	-	-	-	-	-	-	-	Note 1
Trillion Capital Co., Ltd.	3,500,000	3.21%	-	-	-	-	-	-	-
Trillion Capital Co., Ltd. Representative : Yuan- Ho Hung	-	-	-	-	-	-	-	-	Note 1
Bo Young Medical Corporation	3,442,701	3.16%	-	-	-	-	-	-	-
Bo Young Medical Corporation Representative : Chao-Wang Chen	-	-	-	-	-	-	-	-	Note 1
Coconut Co., Ltd.	2,276,000	2.09%	-	-	-	-	-	-	-
Coconut Co., Ltd. Representative : Sheng-Hsiang Hung	-	-	-	-	-	-	-	-	Note 1
Nadino International Co., Ltd.	1,991,000	1.82%	-	-	-	-	-	-	-
Nadino International Co., Ltd. Representative : Hui-Fang Yang	-	-	-	-	-	-	-	-	Note 1

Note 1 : The Company is unable to obtain personnel information of spouse, minor children of shareholders (or their corporate representatives) of top ten shareholding percentages and individuals holding shares under the name of others and their relationships.

X. The shareholding of the Company, directors, management and an enterprise that is directly or indirectly controlled by the Company in the invested company

December 31, 2022

Reinvestment business (Note)	Investment by the Company		Investments by directors, managers and directly or indirectly controlled enterprises		Comprehensive investment	
	Number of shares (thousands)	Shareholding percentage (%)	Number of shares (thousands)	Shareholding percentage (%)	Number of shares (thousands)	Shareholding percentage (%)
Taiwan Kureha Co., Ltd	55,000	84.62%	-	-	55,000	84.62%
Shinuh Holding Company Ltd.	10,000,000	100.00%	-	-	10,000,000	100.00%
Sunburst International Ltd.	50,000	100.00%	-	-	50,000	100.00%
V.F.T INC.	100	100.00%	-	-	100	100.00%
Kureha (Thailand) Company Ltd.	37,500	50.00%	-	-	37,500	50.00%
Shinuh Vietnam Company Ltd.	-	100.00%	-	-	-	100.00%
Shinuh USA INC.	1,100,000	100.00%	-	-	1,100,000	100.00%
Interbond Co., Ltd.	200,000	100.00%	-	-	200,000	100.00%
Dong Guan Taixin Fiber Products Co., Ltd.	-	100.00%	-	-	-	100.00%
Shinuh Fiber Products (Suzhou) Co., Ltd.	-	11.22%	-	88.78%	-	100.00%
Dong Guan Shinuh Fiber Products Co., Ltd.	-	-	-	100.00%	-	100.00%
Hangzhou Shinuh Fiber Products Co., Ltd.	-	-	-	100.00%	-	100.00%
Shinuh Fiber Products (TangShan) Co., Ltd.	-	-	-	100.00%	-	100.00%
Taixin Fiber Products (Suzhou) Co., Ltd.	-	-	-	100.00%	-	100.00%
TangShan Taixin Fiber Products Co., Ltd.	-	-	-	100.00%	-	100.00%
Qingdao Taixin Fiber Products Co., Ltd.	-	-	-	100.00%	-	100.00%
Hubei Taixin Shinuh Fiber Products Co., Ltd.	-	-	-	100.00%	-	100.00%
Kunshan Shinuh Trading Corporation Limited	-	-	-	100.00%	-	100.00%
American Outdoor Living Inc.	-	-	-	100.00%	-	100.00%
American Nonwoven Inc.	-	-	-	100.00%	-	100.00%
MS Nonwoven Inc.	-	-	-	100.00%	-	100.00%
Shinuh (Cambodia) Company Ltd.	-	-	-	100.00%	-	100.00%
World Furniture Group	-	-	-	100.00%	-	100.00%
American Furniture Alliance Inc.	-	-	-	80.00%	-	80.00%
PT Shinuh Nonwovens Indonesia	-	-	-	100.00%	-	100.00%
S International Inc.	-	-	-	100.00%	-	100.00%

Note: It refers to the Company's long-term investment accounted for under the equity method.

Chapter 4. Fund-raising Conditions

I. Capital and Shares

(I) Source of Capital

a. Type of shares

April 18, 2023/ Unit:Shares

Share Types	Authorized Capital			Remark
	Shares issued and outstanding	Shares unissued	Total	
Listed Common stock	109,107,100	90,892,900	200,000,000	None

b. Formation of capital

Year/ month	Par value per share (NT\$)	Authorized Capital		Paid-up Capital		Remark		
		Shares Held (Shares)	Amount (NT\$ thousands)	Shares Held (Shares)	Amount (NT\$ thousands)	Source of capital	Offset share amount with assets other than cash	Others
1962.09	1,000	2,000	2,000	2,000	2,000	Company Establishment Capital	—	—
1979.01	1,000	30,000	30,000	30,000	30,000	Cash offering NT\$28,000 thousand.	—	—
1987.12	1,000	60,000	60,000	60,000	60,000	Cash offering NT\$30,000 thousand.	—	—
1988.10	1,000	120,000	120,000	120,000	120,000	—	Merger of NT\$60,000 thousand	Statutory merger
1990.11	1,000	160,000	160,000	160,000	160,000	Cash offering NT\$40,000 thousand.	—	—
1997.12	10	19,960,000	199,600	19,960,000	199,600	Par value per share of NT\$1,000 divided into NT\$10 per share, and capital increase by capital reserve of NT\$39,600 thousand	—	—
1998.11	10	42,000,000	420,000	32,447,000	324,470	Cash offering NT\$60,000 thousand. Capitalization of NT\$59,880 thousand. capital surplus transferred to common stock NT\$4,990 thousand.	—	Note 1
1999.12	10	42,000,000	420,000	38,453,147	384,531	Capitalization of NT\$51,915 thousand. capital surplus transferred to common stock NT\$6,489 thousand. Employee Bonus to Capital NT\$1,657 thousand.	—	Note 2
2000.09	10	65,000,000	650,000	48,276,736	482,767	Capitalization of NT\$76,906 thousand. capital surplus transferred to common stock NT\$19,226 thousand. Employee Bonus to Capital NT\$2,103 thousand.	—	Note 3
2001.07	10	85,000,000	850,000	60,075,068	600,751	Capitalization of NT\$202,036 thousand. capital surplus transferred to common stock NT\$4,828 thousand. Employee Bonus to Capital NT\$2,119 thousand.	—	Note 4
2002.12	10	85,000,000	850,000	63,078,821	630,788	Capitalization of NT\$30,037 thousand.	—	Note 5

Year/ month	Par value per share (NT\$)	Authorized Capital		Paid-up Capital		Remark		
		Shares Held (Shares)	Amount (NT\$ thousands)	Shares Held (Shares)	Amount (NT\$ thousands)	Source of capital	Offset share amount with assets other than cash	Others
2003.10	10	100,000,000	1,000,000	71,304,263	713,042	Capitalization of NT\$47,309 thousand. Converted corporate bonds of NT\$34,945 thousand.	—	Note 6
2004.04	10	100,000,000	1,000,000	72,410,362	724,103	Converted corporate bonds of NT\$11,061 thousand.	—	—
2004.09	10	100,000,000	1,000,000	77,399,030	773,990	Capitalization of NT\$43,446 thousand. Employee Bonus to Capital NT\$6,440 thousand.	—	Note 7
2005.05	10	100,000,000	1,000,000	77,709,073	777,090	Converted corporate bonds of NT\$3,100 thousand.	—	—
2005.07	10	100,000,000	1,000,000	80,817,436	808,174	Capitalization of NT\$31,084 thousand.	—	Note 8
2006.10	10	100,000,000	1,000,000	84,858,307	848,583	Capitalization of NT\$40,409 thousand.	—	Note 9
2007.02	10	100,000,000	1,000,000	86,544,151	865,441	Converted corporate bonds of NT\$16,858 thousand.	—	—
2007.04	10	100,000,000	1,000,000	86,559,857	865,598	Converted corporate bonds of NT\$157 thousand.	—	—
2007.08	10	100,000,000	1,000,000	86,570,328	865,703	Converted corporate bonds of NT\$105 thousand.	—	—
2007.10	10	200,000,000	2,000,000	90,898,321	908,983	Capitalization of NT\$43,280 thousand.	—	Note 10
2007.12	10	200,000,000	2,000,000	90,909,310	909,093	Converted corporate bonds of NT\$110 thousand.	—	—
2010.10	10	200,000,000	2,000,000	95,909,323	959,093	Capitalization of NT\$50,000 thousand.	—	Note 11
2012.10	10	200,000,000	2,000,000	100,704,790	1,007,048	Capitalization of NT\$47,955 thousand.	—	Note 12
2014.08	10	200,000,000	2,000,000	103,888,034	1,038,880	Converted corporate bonds of NT\$31,832 thousand.	—	—
2014.12	10	200,000,000	2,000,000	105,517,492	1,055,175	Converted corporate bonds of NT\$16,295 thousand.	—	—
2015.02	10	200,000,000	2,000,000	105,796,372	1,057,964	Converted corporate bonds of NT\$2,789 thousand.	—	—
2015.05	10	200,000,000	2,000,000	106,135,012	1,061,350	Converted corporate bonds of NT\$3,386 thousand.	—	—
2015.09	10	200,000,000	2,000,000	107,409,900	1,074,099	Converted corporate bonds of NT\$12,749 thousand.	—	—
2015.12	10	200,000,000	2,000,000	108,573,237	1,085,732	Converted corporate bonds of NT\$11,633 thousand.	—	—
2016.02	10	200,000,000	2,000,000	108,708,694	1,087,087	Converted corporate bonds of NT\$1,355 thousand.	—	—
2016.05	10	200,000,000	2,000,000	109,107,100	1,091,071	Converted corporate bonds of NT\$3,984 thousand.	—	—

Note 1 : (1998) Tai Tsai Cheng (1) No.59643

Note 2 : (1999) Tai Tsai Cheng (1) No.101372

Note 3 : (2000) Tai Tsai Cheng (1) No. 74606

Note 4 : (2001) Tai Tsai Cheng (1) No. 1298708

Note 5 : (2002) Tai Tsai Cheng (1) No. 0910148330

Note 6 : (2003) Tai Tsai Cheng (1) No.0920140793

Note 7 : Jin Kuan Cheng Tzu No.0930137073

Note 8 : Jin Kuan Cheng Tzu No.0940131078

Note 9 : Jin Kuan Cheng Tzu No.0950134262

Note 10 : Jin Kuan Cheng Tzu No.0960040747

Note 11 : Jin Kuan Cheng Tzu No.0990039959

Note 12 : Jin Kuan Cheng Tzu No.1010033651

(II) Shareholder structure

April 18, 2023

Shareholder structure Quantity	Government Agencies	Financial Institutions	Other legal person	Domestic natural persons	Foreign organizations and foreign individuals	Treasury stock	Total
Number of people	0	2	31	9,765	38	1	9,837
Shareholding (shares)	0	306,000	71,738,889	32,365,828	1,497,383	3,199,000	109,107,100
Percentage (%)	0.00%	0.28%	65.76%	29.66%	1.37%	2.93%	100.00%

(III) Shareholding distribution status

Denomination of NT\$10 per April 18, 2023

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio (%)
1- 999	6,935	939,967	0.86%
1,000- 5,000	2,402	4,417,645	4.05%
5,001- 10,000	222	1,727,101	1.58%
10,001- 15,000	51	641,315	0.59%
15,001- 20,000	46	844,338	0.77%
20,001- 30,000	38	953,891	0.87%
30,001- 40,000	10	351,741	0.32%
40,001- 50,000	24	1,104,913	1.01%
50,001- 100,000	36	2,621,212	2.40%
100,001- 200,000	17	2,307,351	2.11%
200,001- 400,000	19	5,456,695	5.00%
400,001- 600,000	13	6,411,949	5.89%
600,001- 800,000	3	2,252,130	2.06%
800,001-1,000,000	0	0	0.00%
1,000,001 and above	21	79,076,852	72.49%
Total	9,837	109,107,100	100.00%

(IV) List of major shareholders: Shareholders with equity ratio of more than 5% or the names of the top 10 shareholders as well as their shareholding amount and ratio.

April 18, 2023

Name of the major shareholders	Shares	Shareholding (shares)	Shareholding ratio (%)
Lee Pont Investment Co., Ltd.		24,075,234	22.07%
Grateful Inv. Co., Ltd.		5,173,406	4.74%
Nakajima Construction Co., Ltd.		5,167,000	4.74%
Chi Wei Union Inv. Co., Ltd.		5,095,862	4.67%
Seng Hung Inv. Co., Ltd.		4,632,022	4.25%
Ying Hung Int. Co., Ltd.		4,442,311	4.07%
Trillion Capital Co., Ltd.		3,500,000	3.21%
Bo Young Medical Corporation		3,442,701	3.16%
Coconut Co., Ltd.		2,276,000	2.09%
Nadino International Co., Ltd.		1,991,000	1.82%

(V) Market price per share, net worth, earnings, dividends, and the related information for the last 2 years.

Unit: NT\$

Item		Year	2021	2022	As of March 31, 2023
Market price per share	Maximum		25.4	24.6	20.70
	Minimum		19.5	18.85	20.15
	Average		21.67	20.76	20.42
Net worth per share	Before distribution		29.42	31.27	N/A
	After distribution (Note 7)		28.46	30.25(Note6)	N/A
Earnings per Share	Weighted average number of shares (thousand shares)		109,107	109,107	N/A
	Earnings per Share	Before retrospective adjustments (Note 2)	4.71	2.12	N/A
		After retrospective adjustments (Note 2)	4.71	2.12	N/A
Dividend per share	Cash dividends (NT\$)		1.0	1.05	N/A
	Stock dividends	Earnings	0	0	N/A
		Capital Reserve	0	0	N/A
	Accumulated unpaid dividends		0	0	N/A
Return on investment	Price to earnings ratio (Note 3)		4.6	9.79	N/A
	Price to dividends ratio (Note 4)		21.67	19.77	N/A
	Cash dividend yield (Note 5) (%)		4.61	5.06	N/A

Note 1: Source: Taiwan Stock Exchange

Note 2: Imputed based on basic earnings per share.

Note 3: Price earning ratio = average closing price per share for the year / earnings per share.

Note 4: Price earning ratio = average closing price per share for the year / cash dividends.

Note 5: Cash dividend yield = cash dividends / average closing price per share for the year.

Note 6: Passed the 2022 amount of cash dividend by resolution of the board of directors on March 24, 2023.

Note 7: Fill-in based on the circumstances of the board meetings for the next year.

(VI) Dividend policy and implementation status

1. Dividend policy:

1. Dividends distribution criteria and timing:

To support the corporate growth needs, the distribution of the dividends of the Company is made for the purpose of satisfying future operational development in principle along with the comprehensive consideration of the criteria of sound financial structure, maintenance of stable dividends and guarantee to the reasonable return of shareholders, etc., following which the board of directors reaches resolution according to Article 240 of the Company Act and Article 22-1 of the Articles of Incorporation in order to execute the distribution and to report to the shareholders' meeting.

2. Cash dividend and stock dividend distribution ratio:

The dividend policy of the Company adopts the three methods of cash dividends, capital increase by surplus earnings and capital increase by capital reserve for cooperative issuance, and the issuance of cash dividends is adopted in priority, with the ratio of cash dividends issued in the current year between 10% and 100%. In case where there is need to investment plan or improvement of financial structure, the cash dividend issuance rate may be decreased and changed to the issuance via the method of capital increase by surplus earnings or capital increase by capital reserve. To prevent excessive inflation of capital that may affect the dividend issuance of next year, the total ratio of the capital increase by surplus earnings and capital increase by capital reserve shall not exceed 90% of all dividends issued in the current year.

2. Dividend distribution by resolution of the board of directors:

According March 24, 2023 to the resolution of the board of directors, shareholder bonus of NT\$1 per share is to be issued, and all distribution amount is made in cash.

(VII) The effects of the stock dividends proposed by the shareholders' meeting on the company's business performances and earnings per share: Not applicable.

(VIII) Employee and director compensation

1. Percentages or ranges of remuneration of employees and directors under the Articles of Incorporation

Articles of Incorporation	Content
Article 22	<p>For the current profit before tax for a fiscal year of the Company before deduction of the remuneration of employees and the remuneration of directors, an amount equivalent to 1% to 5% of such profit before tax shall be appropriated as the remuneration of employees and an amount not greater than 3% of such profit before tax shall be appropriated as the remuneration of the directors; provided that when there is still accumulated loss, the Company shall reserve amount to compensate such loss first, followed by setting aside amounts for the remuneration of employees and the remuneration of directors according to the aforementioned ratios.</p> <p>The remuneration of employees described in the preceding paragraph may be issued in the form of shares or cash. The subjects for receiving the shares or cash may include employees of subsidiaries meeting criteria specified by the board of directors. The remuneration of directors shall be made in cash only.</p> <p>The proposal for distribution of remuneration described in the preceding two paragraphs shall be executed in accordance with the resolution of the board of directors' meeting, and shall be reported to the shareholders' meeting.</p>

2. Basis for estimating the amount of remuneration of employees and directors, basis for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

- (1) The Company's 2022 remunerations of employees and directors proposed for distribution were estimated according to the Articles of Incorporation of the Company along with the consideration of the business result.
- (2) Regarding the calculation of the distribution of employees' bonus shares, the closing price one day before the resolution date of the shareholders' meeting of next year along with the consideration of the impact of ex-right and ex-dividend is used as the basis for the calculation. However, since all of the amount of the remuneration of employees of the Company is distributed in cash, there is no capital increase with issuance of bonus shares.
- (3) In case of any difference between the actual distribution amount and the estimated amount, it is recognized as the profit/loss of the year of actual distribution.

3. Remuneration proposals passed by the Board of Directors:

- (1) Employee and director remuneration will be distributed in cash or stocks:

Unit: NT\$

Item	Board of Directors resolution (March 24, 2023)
Director remuneration (cash)	2,410,000
Employee remuneration (cash)	7,230,000

- (2) If the amount is different than the estimated annual expense amounts, the discrepancy amount, reason, and disposal status shall be disclosed: There was no discrepancy with estimated annual expense amounts.
- (3) The amount of employee bonus to be paid in stocks out of the current company-level financial report in terms of the sum of net profit after tax and employee bonus: Not applicable as the Company has no plans on distributing employee stock dividends.

4. Any discrepancy between actual distribution of remuneration of employees and directors (including the number of shares, the amount and stock price) and the recognized remuneration of employees and directors and disclosure of the differences, reasons and responses:

Unit: NT\$

Item	Actual allocation amount	Board of Directors resolution (March 25, 2022)	Difference
Director remuneration (cash)	5,433,167	5,433,167	None
Employee remuneration (cash)	16,299,502	16,299,502	None

(IX) Status of company share buy back:

April 18, 2023

Session of repurchase	1st time
Purpose of repurchase	Transfer to employees
Period of repurchase	2021/11/15~2022/01/07
Price range of repurchase	15.65~33.05
Type and Number of Shares Repurchased	Common shares of 3,504,000 shares
Amount of shares repurchased	82,027,639
Ratio of repurchased quantity over the predefined repurchase quantity (%)	70.08%
Number of shares canceled and transferred	305,000 shares
Accumulated number of the Company's shares held	3,199,000 shares
Ratio of accumulated number of the Company's shares held to total number of shares issued (%)	2.93

II. Issuance of Corporate Bonds:None.

III. Issuance of preferred shares: None.

IV. Issuance of global depositary receipts (GDR) : None.

V. Issuance of employee subscription right : None.

VI. restricted stock awards: None.

VII. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies: None.

VIII. Implementation status of the capital utilization plan: None.

Chapter 5. Business Overview

I. Business Activities

(I) Scope of business

1. Main content of business operated by the Company

- (1) C302010 Weaving of Textiles.
- (2) C303010 Manufacture of Non-woven Fabrics.
- (3) C399990 Other Textile and Products Manufacturing.
- (4) C802160 Adhesive Tapes Manufacturing.
- (5) C805020 Manufacture of Plastic Films and Bags.
- (6) CB01010 Mechanical Equipment Manufacturing.
- (7) CI01010 Rope, Cable and Net Manufacturing.
- (8) CI01020 Rug and Felt Manufacturing.
- (9) F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures.
- (10) F111090 Wholesale of Building Materials.
- (11) F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures.
- (12) F401010 International Trade.
- (13) H701010 Housing and Building Development and Rental.
- (14) H701040 Specific Area Development.
- (15) H701060 New Towns, New Community Development.
- (16) H701080 Urban Renewal Reconstruction.
- (17) H703100 Real Estate Leasing.
- (18) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Revenue Breakdown

Unit: NT Thousand

Business type	2021		2022	
	Amount	%	Amount	%
Non-woven fabric	2,558,579	98%	2,562,965	97%
Others	54,668	2%	67,288	3%
Total	2,613,247	100%	2,630,253	100%

3. Present products and service items

(1) Nonwoven fabric series of products:

Resin cotton, needle-punching cotton, quilting fabric, VFT vertical cotton, hydro-entanglement fabric, multi-function insulative material and spunbond, meltblowing products, etc.

(2) Bedding series of products:

Fabric series manufactured by U.S. Invista and domestic Far Eastern and Nan Ya Corporation are used as the main filling materials. Products can be divided into own-brand bedding series, U.S. Invista brand of bedding series of products, etc.

(3) Automotive interior materials, filter materials, fireproof and fire-retardant materials, etc..

(4) New products and services planned for development

For the present stage, the main new products planned for development are spunbond, meltblowing and filter related application materials and consumer functional fiber products, such as:

- A. Medical hygiene materials: sanitary napkin materials, diapers, surgical shirts, cap covers, shoe covers, mattress, pillowcase, anti-dust curtain fabrics, etc.
- B. Filter materials: materials for air conditioning cleaning, air conditioning filters, automotive air conditioning interior and air filter materials, etc.
- C. Agricultural materials: Harvest fabric for home use, anti-frost fabric, anti-inspect fabric, soil moisture-retaining fabric, seedling cultivation fabric, greenhouse canopy, etc.

(II) Industry overview

1. Current status and development of the industry

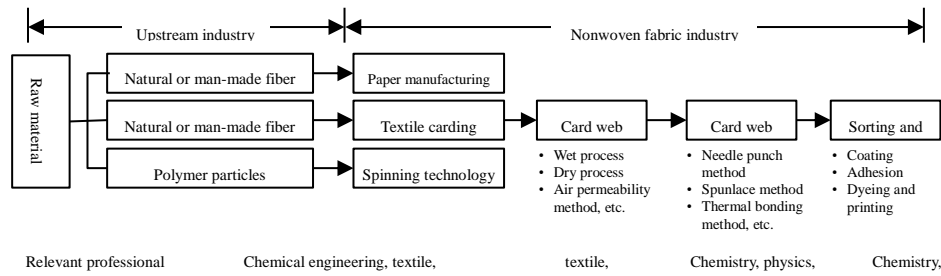
Nonwoven fabric refers to a bonding article formed by using a special formation technique to bond fibers together that is different from the traditional fabric weaving method. In the textile industry, it is the youngest and most potential field, and it also implements newly developed emerging technology that breaks through the traditional textile technology, and sufficiently applies modern physics and chemistry concepts.

In terms of the application aspect, since nonwoven fabric can be designed to provide specific functions, such as water absorbing, buffering, filtering, flame-retardant, waterproof, rebound, soft, elastic and extension, resilience and wash-resistant properties, and also provides the bacterial protective shield and sterility, the application scope of nonwoven fabric is broad, and nonwoven fabric is widely used in diverse products in all fields, including basic civil industry of living, clothing, housing, transportation, education and entertainment fields as well as living supplies.

As the technology advances, the field of nonwoven fabric also broadens, and its application is of greater depth and heading toward higher grade of quality. For the next five years, melt spinning nonwoven fabric will continue to be the technology and process main stream. Industrial wiping fabric is of great development potential, and the disposable usage amount is large with decreasing basis weight. As the raw material fiber becomes finer with increased strength, the future production technology and product application will advance further, such as, meltblowing, electrospinning, wet meltblowing, multicomponent spunbond composite technology, natural fiber nano, electronic and smart functional textile applications.

According to the statistics of the Asia Nonwoven Fabrics Association (ANFA), the annual production volume of nonwoven fabrics in the Asia region in 2021 reached 7.1 million tons. Since the Asia region accounts for 60% of world's total population of 7 billion, the Asian market has become an important manufacturing and sales market for nonwoven fabrics in the world. The analysis of the five main production countries (Japan, Korea, Taiwan, China, India and Indonesia) in Asia indicates that the production volume in 2021 reached 6.8 million tons, accounting for 96% of the annual production volume of the Asia region, among which the annual production volume in China was the highest to reach 5.34 million tons and accounted for 75% of the annual production volume in Asia, making China to become the most important production and sales market for nonwoven fabrics in Asia. Among the six major production countries, Taiwan has the least population in Asia, and the annual production volume is approximately 180 thousand tons, ranked as No.6 in Asia. In addition, the annual production volume of main production countries in Asia has increased from 3.22 million tons in 2012 to 7.1 million tons in 2021, and the annual compound growth rate reaches 8.2%. Furthermore, as the population in Asia increases and under the demographic dividend of the Chinese government relaxing the one-child policy, the Asian market is expected to continue to maintain its high level of growth in the future. Among the new emerging markets in Asia, India shows an annual compound growth rate exceeding 10% in recent years and further monitoring of such trend is necessary. In view of the above, the strong driving force of nonwoven fabrics in the Asia region indicates promising future outlook.

2. The status of the upper, middle, and downstream relationships for the industry



3. Various development trends of products and competition status

(1) Various development trends of products

Due to the material characteristics, nonwoven fabrics can be applied to various different industrial fields, and the type of products is diverse with broad application. Accordingly, the product development trend can be classified as follows:

A. Technology and application of superfine fiber nonwoven fabrics:

Melt blowing, electrospinning, wet spray, Multi-component spunbond composite technology, sea-island fiber and island fiber protection, preparation and application of nanofiber in the wood-pulp fiber, and particularly, the development of new technologies and application fields related to the hot-melt blowing nano-materials.

B. Essential type of functional materials:

Based on the consideration of process continuity and environmental protection, the Company will head toward the development of essential type of functional materials, such as fibers with wettability, elasticity, skin compatibility, bacteria resistance, and fibers developed for specific purposes, such as elastic resin, microfiber, and crimped fiber, etc.

C. Corresponding performance requirements for textiles used for filtering purposes:

Develop functional products with the properties of high performance, strength, air permeability, temperature resistance, corrosion resistance, waterproof and anti-oil function and filtering performance as well as high temperature resistance.

(2) Competition status

Nonwoven fabrics have the advantages in the price, broad application, lightweight and multi-function over other materials, and materials satisfying the aforementioned quality characteristics in the market mainly refer to nonwoven fabrics as the main stream product in the market. Presently, there has been no alternative material developed in the market.

The main competitive factors among business operators in the same industry mainly refer to the sales strategy, integration of upstream, midstream and downstream of the supply chain and the elevated barrier for production and technology. Nevertheless, the Company still upholds the consistent strategy and moves forward toward the predefined goals.

(III) Overview of Technology and R&D

1. R&D budget invested in most recent year and up to the printing date of the Annual Report

For 2022 and up to March 31 of 2023, the R&D budgets invested were NT\$75,409 thousand and NT\$18,764 thousand respectively.

2. Technology or product successfully developed

For the recent years, the products developed successfully in stages mainly include: Spunbond, melt blowing, filter application related products. In the future, the Company will head toward the development of high physical property, lightweight, structural modification, special performance, soft and composite structure, etc. Expansion material received the top five international certifications of ISPO 2019 Textrends Spring/Summer in 2019.

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

Based on the consideration that product applications derived from nonwoven fabrics are broad and are closely related to people's daily lives, for the business development plan framework, the Company has always primarily focused on the long-term business development plan in conjunction with the secondary service philosophy of short-term business plan in order to expand the business. In other words, the Company pays attention on the long-term market development trend and guides the short-term market demands, in order to establish the foundation for corporate sustainable operation.

1. Long-term business development plan

- (1) Expand business scope and market: As the region of Southeast Asia is under economic development stage, in addition to the original sales market in Vietnam, the Company also actively expands the investment in the production line in Indonesia. Furthermore, the feasibility of the Company's investment extending to other countries in the Southeast Asia is also under evaluation, thereby satisfying the appetite of the increasing demands of the Southeast Asia market.
- (2) High quality production line development: As the global population expands rapidly and according to the nonwoven fabrics industry market survey for the advanced European countries and U.S., high quality product market demand continues to increase, and it will progressively extend to Asia and other regions.
- (3) Smart production and sales: Through system technology integration, the Company's resources are effectively allocated and global work allocation can be achieved, thereby increasing the breadth and benefit of the business expansion.

2. Short-term business development plan

- (1) Improve R&D technologies: Under the fundamental operation of long-term business development plan strategy, the Company will focus on the R&D and technology integration and improvement of spunbond application material related products. In addition, through collaboration with pioneers in the US market application, the Asian nonwoven fabric market and development trend can be strategically guided through joint development, thereby expanding the group's future market development.
- (2) Achieve product diverse applications: As the production cost in China increases year after year, it has transformed from the world factory in the past to domestic consumption market. In addition, as the Chinese government relaxes the child birth policy and under the demographic dividend of the middle class, the consumption market has expanded progressively. Nevertheless, under the challenge of price competition in the same industry, the Company will need to actively increase product added value with greater diversity.
- (3) Strategic alliance: Construct interactive platform for the upstream, midstream and downstream, engage in joint development to establish the future product market trend, and actively expand the market demands for nonwoven products.

II. Market Analysis and Overview of Production and Sales

(I) Market analysis

1. Sales region for the main products

Unit: NT\$ thousands

Region	2022		2021	
	Amount	%	Amount	%
China	691,365	26%	841,530	32%
U.S.A	696,610	27%	669,490	26%
Taiwan	557,213	21%	530,132	20%
Others	685,065	26%	572,095	22%
Total	2,630,253	100%	2,613,247	100%

2. Market share

According to the statistics (as shown in Table 1 and Table 2 below) on the six major nonwoven production countries (Japan, Korea, Taiwan, China, India and Indonesia) provided by the Asia Nonwoven Fabrics Association (ANFA), the annual production volume from 2014 to 2021 increases from 3.83 million tons to 7.1 million tons, an annual compound growth rate of approximately 9.2%, where the production volume of the six major production countries accounts for 96% of the production volume in the entire Asia region. For the areas of China, Taiwan and Indonesia invested by the Company for business development, the production volumes in 2021 of these areas account for 75%, 3% and 1.5% of the production volume of the entire Asia region.

Table 1: 2022 Asia 6 Major Regions Nonwovens Industry K tonnes

Country	2015	2016	2017	2018	2019	2020	2021	20/19
Japan	342	340	342	343	321	302	300	99.34%
Korea	216	226	228	227	239	271	263	97.05%
Taiwan	184	188	200	197	191	194	182	93.81%
China	2,941	3,260	3,705	3,960	4,210	5,273	5,340	101.27%
India	312	365	410	475	536	514	608	118.29%
Indonesia	69	78	91	100	106	98	104	106.12%
Others	214	228	240	253	267	283	305	107.77%
Total	4,278	4,684	5,216	5,555	5,870	6,935	7,101	102.39%

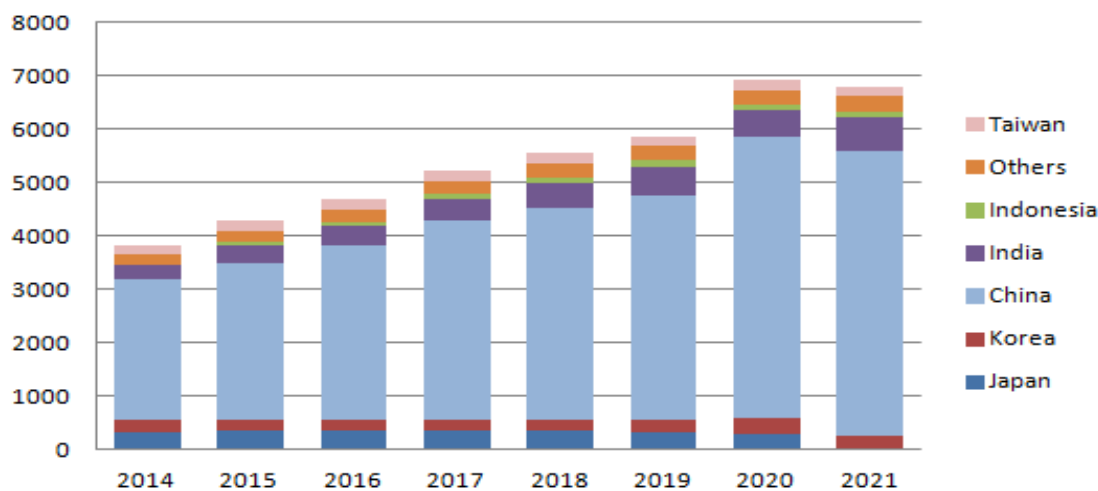
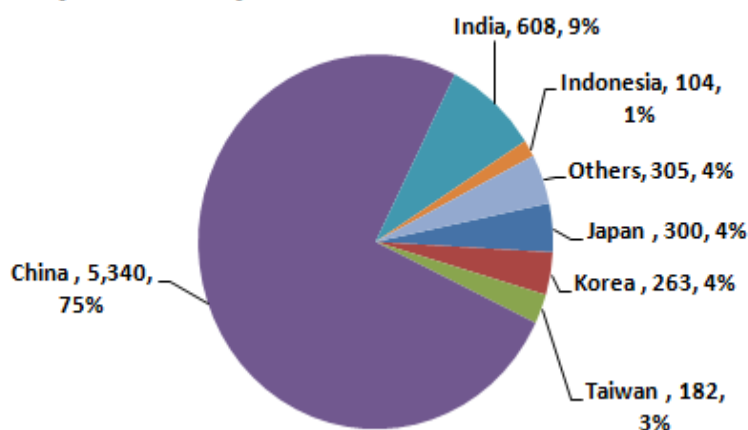


Table 2: 2021 General Status of Asia Nonwovens Industry

2021(K tonnes)

Country	2021 (K tonnes)
Japan	300
Korea	263
Taiwan	182
China	5,340
India	608
Indonesia	104
Others	305
Total	7,101



3. Market future supply and demand status and growth

The market of nonwoven fabric expands in the application aspect along with the increasing global population and advancement of network information and transportation industry. Presently, under the cost consideration, there is still no alternative material capable of substituting the function of nonwoven fabric. The nonwoven fabric annual compound growth is approximately 9.2%, and the market grows stably.

4. Competitive niche

Nonwoven fabric is of the characteristics of light weight and fluffy, and in terms of the operating cost, its freight cost accounts for a certain ratio of the total cost. With regard to such aspect, the Company has established various competitive advantages during the corporate development and competition process:

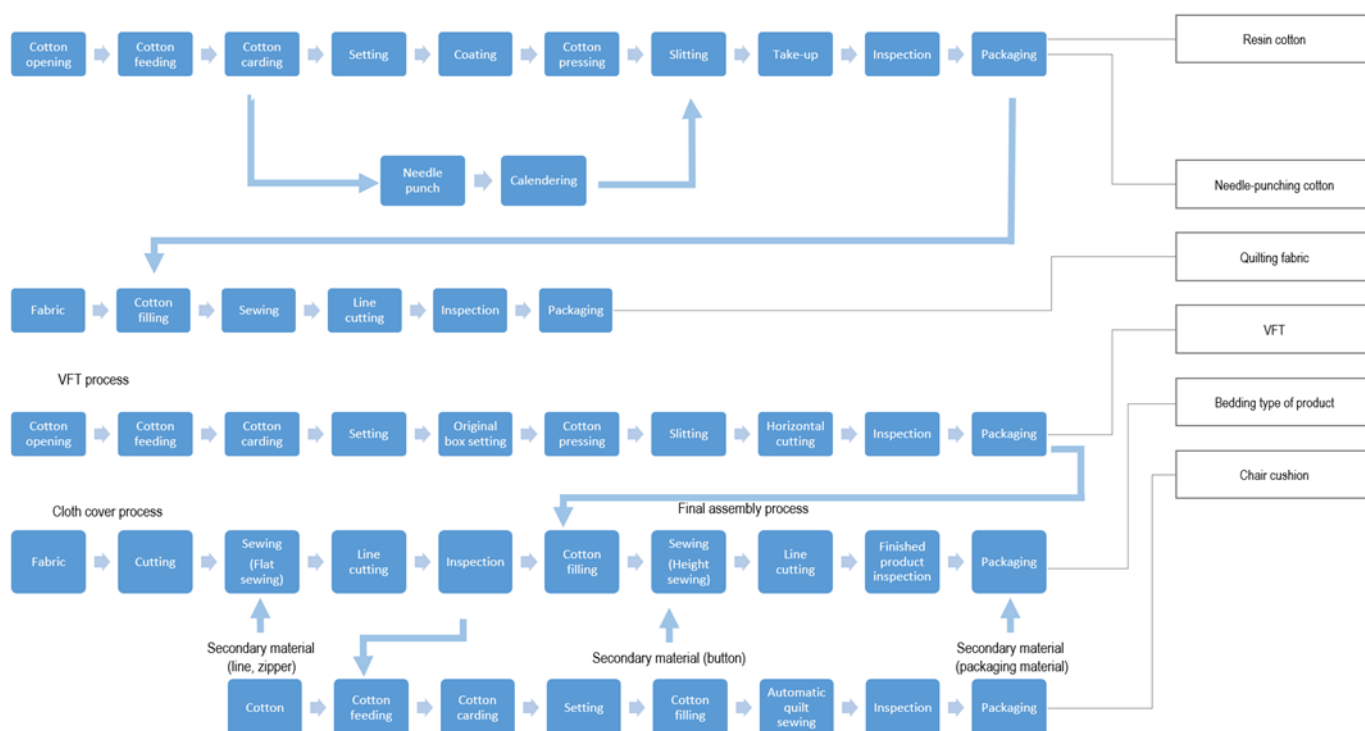
- (1) Global planning: During the early stage of the development, the Company has invested in cross-nation and cross-region industrial services. Presently, the investment of the Company has reached all parts of the world, thereby establishing important foundation for the Company in the competition chain of the industry.
- (2) Technology and equipment with multi-level of development: The Company is committed to continuous research, development and innovation. During the industrial development and transformation process, the Company has gained extensive experience and implemented passing on of knowledge. Particularly, for the field of nonwoven fabrics, the outcome of extensive years of business operation has allowed the Company to establish numerous key technologies and manufacturing processes. The establishment of all of such intangible assets is the key to the sustainable operation of the Company, which is also an important niche for the Company to continue to maintain its leading position in the industry for the future.
- (3) Continuous innovation: The nonwoven fabric industry market changes rapidly, and flexible organization adjustment and quick response capability are key factors to the successful operation of the company. The Company has been active in the implementation of mechanism for organization integration and coordination and effectively manages and coordinates resources for the corporate operation, in order to respond to market changes promptly and effectively.

5. Favorable, unfavorable factors for development outlook and responsive strategies:

All industries have their life cycle and circulation period. The Company has been deep-rooted in the industry for decades, and during the entire corporate development process, the Company has experienced numerous times of industry ups and downs. With such extensive experience and solid foundation in the industry, accordingly, the Company and the Group enterprises are able to properly manage key technologies, to establish product research and development capability, to achieve marketing niche, to upgrade production equipment, to construct e-system, to implement human resource cultivation, to stipulate management strategies and to handle industry environmental changes.

(II) Major product manufacturing processes

- i. Resin cotton: It uses polyester short fiber as the raw material and is manufactured through resin shaping and processing. Main usage: for thermal insulation material and padding, such as garments, bed sheets, etc.
- ii. Hot-melt cotton: It uses polyester short fiber as the raw material and is manufactured with low-melting fiber passing through oven for melting, shaping and processing. Main usage: thermal insulation materials and paddings, such as garments, outdoor and indoor furniture, etc.
- iii. Vertical cotton: It uses polyester short fiber as the raw material and is manufactured via fiber vertical technology for formation along with low-melting fiber passing through ovens for melting, shaping and processing. Main usage: paddings with excellent permeability, drainability, support and elasticity, and comfortable touch feel as well as high durability, such outdoor furniture, mattress, etc.
- iv. Needle-punching cotton: It uses polyester short fiber as the raw material and is manufactured through needle punching, shaping and processing. Main usage: garments, shoe materials, etc.
- v. Quilting fabric: It is manufactured with the use of quilting machine to perform automatic sewing of fabric and resin cotton or needle-punching cotton together. Main usage: for garments, bed sheets, etc.
- vi. Bedding type of product: It uses polyester short fiber as the raw material, and quilts and pillows are manufactured through a series of automatic machines, in order to provide healthy and comfortable bedding products.
- vii. Chair cushion: Functional consumer products developed based on the VFT patent, and it is equipped with the functions of permeability, water permeability and excellent support.



(III) Main raw material supply

Raw material name	Supplier	Supply status
Polyester	Toray International, Inc. Kofiber Inc. Nan Ya Plastics Corporation	Stable The Company selects quality suppliers for purchase according to the region at proper timing, and the supply sources are from various parts around the globe without shortage concerns. In addition, the Company also makes necessary adjustment based on the consideration of appropriate cost of material purchase.

(IV) Names of customers who accounted for more than 10% of the sales in any of the last two years, sales as a percentage of total sales, and the reasons for addition or reduction changes.

1. Customer name for those whose sales volume are more than 10% of the total in any given year for the last 2 years:

Unit: NT\$ thousands

Item	2021				2022			
	Name	Amount	Total annual net purchase ratio (%)	Relationship with the issuer	Name	Amount	Total annual net purchase ratio (%)	Relationship with the issuer
1	TORAY INTERNATIONAL, INC.	110,103	10	None	KOFIBER INC.	92,404	9	None
2	KOFIBER INC.	96,131	9	None	ILINK BUSINESS MANAGEMENT INC.	51,044	5	None
	Others	851,632	81	N/A	Others	882,753	86	N/A
	Net Purchases	1,057,867	100	N/A	Net Purchases	1,026,202	100	N/A

Note 1 : The main reason of change of suppliers with total purchase amount reaching 10% and above in the most recent two years was mainly due to the quality and price consideration.

2. Information on main customers of sales of the Company in the most recent two years

Unit: NT\$ thousands

Item	2021				2022			
	Name	Amount	Total annual net sales ratio (%)	Relationship with the issuer	Name	Amount	Total annual net sales ratio (%)	Relationship with the issuer
	Others	2,613,247	100	-	Others	2,630,253	100	-
	Net sales	2,613,247	100	-	Net sales	2,630,253	100	-

Note 1 : The Company and subsidiaries had no single customer with the sales percentage reaching 10% and above in the most recent two years of the current year.

(V) Annual production value for the last 2 years

Unit: NT\$ thousands/ton/ thousands pcs

Product name \ Year	2021			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Nonwoven material	34,902	25,839	2,068,153	32,102	20,046	2,102,864
Bedding	-	38	12,189		23	2,610
Total	-	-	2,080,342			2,105,474

(VI) Sales value for the last 2 years

Unit: NT\$ thousands/ton/ thousands pcs

Product name \ Year	2021				2022			
	Domestic sales		Foreign sales		Domestic sales		Foreign sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Nonwoven material	1,686	218,986	23,579	2,348,020	1,413	176,002	19,030	2,407,074
Bedding	51	20,151	-	-	45	18,874	-	-
Others	-	26,090	-	-	-	28,303	-	-
Total	-	265,227	-	2,348,020	-	223,179	-	2,407,074

III. Number of employees, average years of service, average age, and education of employees for the last two years until the public date of this report

April 18, 2023

Year		2021	2022	As of March 31, 2023
Number of employees (people)	Direct Personnel	451	476	491
	Indirect Personnel	207	253	258
	Sales Personnel	142	43	45
	R & D personnel	27	14	17
	Total	827	786	811
Average age		37.15	36.7	39.8
Average length of service		7.09	4.4	4.7
Degree distribution ratios (%)	Ph.D.	0%	0%	0%
	Masters	4%	4%	3%
	Bachelor's Degree	30%	42%	39%
	Senior High School	25%	22%	21%
	Below Senior High School	40%	32%	37%

IV. Environmental protection expenditures

(I) For the most recent year and as of the printing date of the annual report, the losses suffered as a result of environmental pollution : None ◦

(II) Estimated amount and response measures for possible future events

The Company values environmental protection and has established preventive measures and response strategies for the routine operations with respect to pollution issues that may be caused by the production process and surrounding environment. In addition, for the most recent year and up to the printing date of the annual report, the Company has not suffered loss due to environmental contamination and due to penalties.

V. Labor-management relations

(I) Employee welfare measures, continuing education, training, retirement system and implementation status

1. Employee welfare :

- (1) Apply for labor insurance and health insurance according to the laws.
- (2) Employee cafeteria and dormitory are provided in the plant for employees' dining and accommodation.
- (3) "Employee Welfare Committee" is established to handle the following employee welfare items.
 - A. Annual travel allowance.
 - B. Issuance of annual and holiday bonuses and gifts.
 - C. Marriage and funeral subsidies.
 - D. Entitled to fixed-amount gathering party and dinner allowance annually.
 - E. Birthday gift money.

2. Continuing education and training method:

To cope with the development needs of the Company, various education and training systems are established in order to cultivate personnel at all levels such that employees are able to exploit their potentials sufficiently and to develop relevant knowledge and skills, thereby achieving the objectives of mutual coordination and increase of work efficiency, and achieving the overall business goals of the Company. The main methods adopted are as follows:

- (1) Establish mentor system in order to guide the passing on of practical experience.
- (2) Implement professionalism identification system such that personnel above the rank of supervisor (Section Chief) are required to learn various management courses related to their job duties before promotion.
- (3) Implement promotion evaluation system such that supervisors promoted to the rank of Deputy Manager and above are required to be evaluated by the "Human Resource Evaluation Committee" for qualification before promotion.
- (4) Implement occupation diversity system to encourage employees to transfer to various job duties in order to cultivate employees with diverse functions.

3. Continuing education :

Through the establishment of the e-learning platform, internal education and training courses of various aspects are implemented. In addition, through the establishment of the management window mechanism, the mutual coordination works among departments of the Group can be operated in order to cultivate outstanding seed personnel as the reserve candidates for future management staff, such that it can be further extended to facilitate the establishment of the corporate internal in structure evaluation system. Based on the field experience of recruitment of outstanding talents in conjunction with the system platform application, the ultimate objective of education and training can be sufficiently reflected in the corporate competitiveness and management performance. In the future, each department will also propose general knowledge courses during the weekly meeting time in order to integrate professional knowledge into the daily operation system, thereby continuously expanding the corporate learning functions and aspects.

In addition, the Company further provides subsidies to employees irregularly for their participation in various external professional training courses and learning, thereby enhancing professional knowledge and skills outside the work field, such employees may apply the knowledge and skills learned at work to develop and exploit greater employee potentials.

4. Retirement System :

The Company has stipulated the pension regulations and has established the "Labor Pension Reserve Supervisory Committee" according to the law (establishment approved according to Taipei City Government (76) Bei-Fu-She-Si-Zi No. 120827 Letter dated April 17, 1987) and labor pension is appropriated to the dedicated account at Bank of Taiwan for custody. Employees qualifying the retirement criteria are able to apply for retirement and to receive pension according to the regulations.

In addition, since the implementation of the new labor retirement system, the Company not only appropriates labor pension reserve monthly for employees choosing the old system but also appropriates pension monthly according to the law for employees choosing the new system and new employees.

For the rest of investees, relevant retirement systems are also implemented according to the local laws and regulations.

5. Status of Industrial Relations Agreement :

The agreements between both parties of labor and management of the Company and each investee are established according to the Labor Standards Act and relevant local labor laws and regulations of each company, along with the cooperation with the personnel management regulations of the Company, such that agreements are entered and implemented when employees enter the Company to provide service.

6. Employee benefit protection measures :

- (1) Establish employee stock option rules, in order to stimulate the entrepreneurial potential of employees.
- (2) Establish employee bonus issuance rules, in order to implement labor and management benefit sharing.
- (3) Implement profit center system, in order to specify performance incentive measures clearly.
- (4) Implement protective measures for working environment and personnel safety.

The Company values "Prevention of occupational accident occurrence", "Construction of sound workplace safety and health", "Promotion of occupational safety and health management system", "Establishment of proper working environment", "Implementation of emergency response mechanism and training" as the priority promotion objectives for the occupational safety and health affairs. In addition, the Company has also established the "Labor Safety and Health Work Rules", and the management level leads the compliance along with the fire drill once semi-annually and emergency escape and refugee drill once semi-annually, in order to allow all

employees to value safety and health and to establish an outstanding working environment with zero occupational accidents.

For on-job employees, periodic health examination is implemented once annually. For operators of special hazards to health, appropriate safety protection equipment is provided. Safety and health education training courses are organized once every three years (last training session was implemented in November 2022, and the next training session will be in December 2025). New employees are required to receive safety and health education and training during the on-board of the job, in order to ensure that the working environment has no impact on the bodily health of personnel.

(II) Loss due to labor-management disputes in the most recent year and up to the printing date of the annual report: None.

(III) Estimated amount and response measures for present and future possible future events

The Company and the investees have established the labor-management agreements. In case of any labor-management dispute in the future, it will be handled in accordance with the labor-management agreement content. Nevertheless, for the most recent year and up to the printing date of the annual report, there has been no occurrence of major labor-management dispute.

VI. Information Security Management

(I) Describe the cyber security risk management architecture, cyber security policy, specific management solution and resources invested in cyber security management.

1. Information Security Risk Management Structure

The Information Department is responsible for managing and implementing information security policy, promoting information security information, increasing employee information security awareness, collecting and improving organization information security management system performance and effectiveness of technologies, products or procedures, etc. The Auditing Office performs cyber security audit on the internal control system - information cycle, and evaluates the effectiveness of the information operation internal control of the Company.

2. Information Security Policy

To implement information security management, the Company has established the internal control system - information cycle and information machine room management regulations, cyber security inspection control. Accordingly, through the joint effort of all employees, the following policy objectives are expected to be achieved:

- ◆ Ensure the confidentiality and integrity of information assets.
- ◆ Ensure that specification data can be accessed according to the department function.
- ◆ Ensure the continuous operation of information system.
- ◆ Prevent unauthorized modification or use of data and system.
- ◆ Perform information security audit operation periodically, and ensure through execution of information security.

3. Specific Management Solutions

- ◆ Internet network information security control.
 - Construction of firewall
 - Perform virus scan on the computer system and data storage medium periodically.
 - Review the system log of each network service item periodically, and track abnormal conditions
- ◆ Data access control.
 - Computer equipment shall be under the custody of dedicated personnel, and account and password shall be set up.
 - Different access authorities are granted according to job functions.
 - Cancel original authorities of transferred or resigned personnel.
 - Prior to scrap of equipment, confidential and sensitive data and licensed software shall be removed or overwritten.
 - Remote login management information system shall be approved appropriately.
- ◆ Response and recovery mechanism.
 - Inspect emergency response plan periodically.
 - Perform periodic system recovery drill annually.
 - Establish system backup mechanism, and implement remote backup.
 - Periodically review computer network security control measures.
- ◆ Promotion and inspection.
 - Promote and educate information security information at all time, in order to increase employees' information security awareness
 - Perform cyber security inspection irregularly on an annual basis.

4. Investment in resources for information and communication security management

The Company values cyber security and continues to increase the investment in information security related infrastructure construction and security protection architecture related software and hardware. The Company's total investment in information security related software and hardware expenses in 2022 is approximately NT\$398,905, demonstrating the Company's emphasis on cyber security.

(II) For the most recent year and up to the printing date of the annual report, the possible impact of losses suffered due to major information and communications security incidents and the measures taken in response:

Presently, the Company has no occurrence of major cyber security events leading to operating loss. The Company will continue to implement information security management policy goals and implement recovery plan drill periodically, in order to protect important system and data security of the Company.

VII. Significant contracts

April 18, 2023

Nature of the contracts	Contracting parties	Start and end dates of the contract	Major Content	Restricti on clause
Lease Contract	Taiwan Kureha Co., Ltd.	2022.11.01-2023.12.31	Tainan factory for lease	None
Lease Contract	Amia Co., Ltd.	2021.05.05-2024.05.04	Haihu factory for lease	None
Lease Contract	Federal Management Corporation	2020.12.16-2023.12.15	House for rent in 15-2 Baofu Building	None
Lease Contract	Crowe (TW)	2020.12.16-2023.12.15	House for rent in 15-2 Baofu Building	None
Lease Contract	Cvl Far East Holding Limited Taiwan Branch(H.K.)Taiwan Branch Office	2023.02.20-2024.02.19	House for rent in 15-1 Baofu Building	None
Lease Contract	Jianbao Health Product Technical Co., Ltd.	2021.04.01-2031.03.31	Yilan factory for lease	None
Lease Contract	GULLIVER IN'TL BUSINESS CENTER	2017.07.20-2023.07.19	House for lease in Yongrui Building 5F	None
Lease Contract	Meriten International Co., Ltd.	2022.12.15-2023.12.14	House for lease in Yongrui Building 9F	None
Loan contract	Chang Hwa Commercial Bank, Ltd.	2022.01.24-2025.01.05	Medium-term Secured loans	None
Loan contract	KGI Bank Co., Ltd.	2021.05.11-2024.05.11	Medium-term Secured loans	None
Loan contract	The Shanghai Commercial & Savings Bank	2020.10.12-2025.10.12	Medium-term Secured loans	None
		2022.12.27-2027.12.27	Medium-term Secured loans	None

Chapter 6. Financial Status Overview

I. Condensed balance sheet and condensed consolidated income statement for the last 5 years

(I) Condensed balance sheet - consolidated

Unit: Thousands of New Taiwan Dollars

Year Item		Financial information for the last 5 years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		2,406,357	2,336,510	2,160,889	2,675,072	3,345,276
Property, plant, and equipment		2,149,886	2,124,644	2,185,354	2,189,887	2,185,864
Right-of-use assets		-	373,753	354,719	287,431	255,828
Investment properties		164,951	161,432	159,354	158,501	157,497
Intangible assets		11,424	10,939	9,840	8,180	7,855
Other assets		310,988	137,684	159,046	345,604	226,118
Total assets		5,043,606	5,144,962	5,029,202	5,664,675	6,178,438
Current liabilities	Before distribution	1,983,835	1,549,839	1,093,230	1,290,877	1,520,749
	After distribution	1,983,835	1,549,839	1,136,873	1,396,480	1,631,953
Non-current liabilities		87,903	722,564	1,019,374	1,097,114	1,171,697
Total liabilities	Before distribution	2,071,738	2,272,403	2,112,604	2,387,991	2,692,446
	After distribution	2,071,738	2,272,403	2,156,247	2,493,594	2,803,650
Equity attributed to the owners of the parent company		2,886,593	2,796,583	2,842,302	3,210,392	3,411,775
Shares		1,091,071	1,091,071	1,091,071	1,091,071	1,091,071
Capital surplus		230,770	230,770	230,774	230,774	230,774
Reserve fund: Surplus	Before distribution	1,505,290	1,456,085	1,530,263	1,999,833	2,120,175
	After distribution	1,505,290	1,456,085	1,486,620	1,894,230	2,008,971
Other equity		59,462	18,657	(9,806)	(42,838)	44,643
Treasury stock		-	-	-	(68,448)	(74,888)
Non-controlling interest		85,275	75,976	74,296	66,292	74,217
Equity Total Amount	Before distribution	2,971,868	2,872,559	2,916,598	3,276,684	3,485,992
	After distribution	2,971,868	2,872,559	2,872,955	3,171,081	3,374,788

Note 1: The annual financial reports have been audited by certified public accountant.

Note 2: On March 24, 2023, the 2022 cash dividend distribution was approved by resolution of the board of directors.

2. Condense balance sheet - individual

Unit: Thousands of New Taiwan Dollars

Year Item		Financial information for the last 5 years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		559,919	475,928	376,796	339,930	591,053
Investments accounted for using equity method		2,196,555	2,101,221	2,182,910	2,503,552	2,816,176
Property, plant, and equipment		1,160,094	1,242,453	1,348,728	1,343,909	1,409,552
Right-of-use assets		-	11,058	10,444	9,829	9,215
Investment properties		266,762	263,404	259,805	257,430	254,904
Intangible assets		9,759	9,803	9,163	7,845	7,757
Other assets		342	52,846	62,020	297,273	173,228
Total assets		4,193,431	4,156,713	4,249,866	4,759,768	5,261,885
Current liabilities	Before distribution	1,251,665	764,461	524,623	548,180	780,145
	After distribution	1,251,665	764,461	568,266	653,783	891,349
Non-current liabilities		55,173	595,669	882,941	1,001,196	1,069,965
Total liabilities	Before distribution	1,306,838	1,360,130	1,407,564	1,549,376	1,850,110
	After distribution	1,306,838	1,360,130	1,451,207	1,654,979	1,961,314
Shares		1,091,071	1,091,071	1,091,071	1,091,071	1,091,071
Capital surplus		230,770	230,770	230,774	230,774	230,774
Reserve fund: Surplus	Before distribution	1,505,290	1,456,085	1,530,263	1,999,833	2,120,175
	After distribution	1,505,290	1,456,085	1,486,620	1,894,230	2,008,971
Other equity		59,462	18,657	(9,806)	(42,838)	44,643
Treasury stock		-	-	-	(68,448)	(74,888)
Equity Total Amount	Before distribution	2,886,593	2,796,583	2,842,302	3,210,392	3,411,775
	After distribution	2,886,593	2,796,583	2,798,659	3,104,789	3,300,571

Note 1: The annual financial reports have been audited by certified public accountant.

Note 2: On March 24, 2023, the 2022 cash dividend distribution was approved by resolution of the board of directors.

(II)1. Condensed income statement - consolidated

Unit: Thousands of New Taiwan Dollars

Item \ Year	Financial information for the last 5 years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	3,204,651	2,848,731	2,347,804	2,613,247	2,630,253
Gross profit	660,614	631,143	631,050	602,099	703,815
Operating profit and loss	(1,418)	21,621	95,555	47,525	99,196
Non-operating income and expenditure	48,598	(31,336)	57,875	749,049	345,122
Net profit before tax	47,180	(9,715)	153,430	796,574	444,318
Net profit (loss)	17,648	(40,018)	90,366	527,513	241,092
Other comprehensive income (net income after-tax)	(5,869)	(35,743)	(32,391)	(41,824)	93,033
Total comprehensive income for the period	11,779	(75,761)	57,975	485,689	334,125
Net Income Attributable to: Parent company	793	(49,557)	75,447	513,224	224,400
Net profit attributable to non-controlling equity	16,855	9,539	14,919	14,289	16,692
Total comprehensive income attributed to the owners of the parent company	(7,598)	(90,010)	47,570	480,181	313,447
Total comprehensive income attributed to non-controlling equity	19,377	14,249	10,405	5,508	20,678
Earnings per share	0.01	(0.45)	0.69	4.71	2.12

Note 1: The annual financial reports have been audited by certified public accountant.

2. Condensed income statement - individual

Unit: Thousands of New Taiwan Dollars

Item \ Year	Financial information for the last 5 years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	489,885	469,494	413,323	406,656	443,926
Gross profit	144,757	133,685	113,731	80,420	124,963
Operating profit and loss	(73,181)	(80,613)	(80,051)	(127,798)	(104,851)
Non-operating income and expenditure	76,946	14,647	153,151	649,316	335,972
Net profit before tax(loss)	3,765	(65,966)	73,100	521,518	231,121
Net profit (loss)	793	(49,557)	75,447	513,224	224,400
Other comprehensive income (net income after-tax)	(8,391)	(40,453)	(27,877)	(33,043)	89,047
Total comprehensive income for the period	(7,598)	(90,010)	47,570	480,181	313,447
Earnings per share	0.01	(0.45)	0.69	4.71	2.12

Note 1: The annual financial reports have been audited by certified public accountant.

(III) Names of the certification accountants and their audit opinions for the last 5 years

Year	Names of the certification accountants	Audit opinion	Description
2018	Crowe (TW)	Zha-Bin, Shao 、 Chen-yu, Yang	None
2019	Crowe (TW)	Zha-Bin, Shao 、 Chen-yu, Yang	None
2020	Crowe (TW)	Zha-Bin, Shao 、 Su-Chuan, Huang	None
2021	Crowe (TW)	Zha-Bin, Shao 、 Qian-Zhe, Huang	None
2022	Crowe (TW)	Zha-Bin, Shao 、 Qian-Zhe, Huang	None

II. Financial analysis for the last five years

(I) Financial analysis—consolidated

Analysis Item		Financial analysis for the last five years (Note 1)				
		2018	2019	2020	2021	2022
Financial structure	Debt-to-assets ratio (%)	41.08	44.17	42.01	42.16	43.58
	Long-term capital property, plant, and equipment ratio (%)	142.32	169.21	180.11	199.73	213.08
Solvency	Current ratio (%)	121.30	150.76	197.66	207.23	219.98
	Quick ratio (%)	90.08	110.16	139.29	153.85	176.99
	Interest coverage ratio	3.19	0.69	7.93	49.49	19.71
Operating ability	Receivables turnover ratio (times)	4.89	5.04	5.13	6.17	6.69
	Average collection period	74.65	72.38	71.10	59.20	54.56
	Inventory turnover ratio (times)	4.55	3.97	3.16	3.6	3.42
	Average days of sales	80.30	92.02	115.49	101.42	106.73
	Payable turnover ratio (times)	10.18	11.04	10.10	11.56	12.67
	Property, plant, and equipment turnover ratio (times)	1.49	1.34	1.07	1.19	1.20
	Total asset turnover ratio (times)	0.64	0.55	0.47	0.46	0.43
Profitability	Return on assets (%)	0.68	-0.29	2.12	10.11	4.39
	Return on equity (%)	0.59	-1.37	3.12	17.04	7.13
	Paid-in capital to income before tax (%)	4.32	-0.89	14.06	73.01	40.72
	Net profit margin (%)	0.55	-1.40	3.85	20.19	9.17
	Earnings per share (NT\$)	0.01	-0.45	0.69	4.71	2.28
Cash flows	Cash flow ratio (%)	5.50	19.60	34.04	6.57	14.68
	Cash flow adequacy ratio (%)	68.86	87.91	97.87	72.51	72.71
	Cash reinvestment ratio (%)	1.45	5.14	6.04	0.64	1.76
Leverage	Operating leverage	-1,409.18	72.47	15.04	34.39	14.83
	Financial leverage	0.06	-2.17	1.30	1.53	1.31

The reasons that caused the changes in financial ratios of more than 20% in the last two years:

1. Solvency: Decrease of Interest earned ratio was mainly due to the Decrease of net income before tax. 2. Profitability: All ratios decreased compared with the previous period, mainly due to the decrease in profit in this period compared with the previous period. 3. Cash flows: The increase in each ratio was mainly due to the increase in cash inflow from operating activities. 4. Leverage: The decrease in operating leverage was mainly due to the increase in operating costs.

Note 1: The annual financial reports have been audited by certified public accountant.

Financial ratio calculation formulae are as follows:

1. Financial structure

- (1) Debt-to-assets ratio = total liabilities / total assets.
- (2) Long-term capital ratio for real estate, plant, and equipment = (total equity + non-current liabilities) / net for real estate, plant, and equipment.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventories - prepaid expenses - contract assets) / current liabilities.
- (3) Times interest earned = net income before income tax and interest expense / current interest expense.

3. Operating ability

- (1) Receivables (including accounts receivable arising from operation notes receivable) turnover ratio = net sales / average receivables (including accounts receivable arising from operation notes receivable) balances.
- (2) Average collection period = 365 / receivables turnover.
- (3) Inventory turnover = cost of goods sold / average inventory.
- (4) Payable (including accounts payable arising from operation notes payable) turnover ratio = cost of goods sold / average payables (including accounts payable arising from operation notes payable) balances.
- (5) Average days of sales = 365 / inventory turnover.
- (6) (Real estate, plant, and equipment turnover ratio = net sales / average net for real estate, plant, and equipment.
- (7) Total assets turnover ratio = net sales / average total assets.

4. Profitability

- (1) Return on assets = (net income + interest expenses × (1 - tax rate)) / average total assets.
- (2) Return on equity = net income / average total equity.
- (3) Net profit margin = net income / net sales.
- (4) Earnings per share = (profit or loss attributable to owners of the parent company - preferred stock dividends) / weighted average number of shares issued.

5. Cash flows

- (1) Cash flow ratio = new cash flows from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = net cash flows from operating activities in the past five years / (capital expenditure + increase in inventory + cash dividend) in the past five years.
- (3) Cash reinvestment ratio = (net cash flows from operating activities - cash dividend) / (gross margin of property, plant and equipment + long-term investment + other non-current assets + working capital).

6. Leverage:

- (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating income.
- (2) Financial leverage = operating income / (operating income - interest expenses).

(II) Financial analysis—individual

Year Analysis Item		Financial analysis for the last five years (Note 1)				
		2018	2019	2020	2021	2022
Financial Structure	Debt-to-assets ratio (%)	31.16	32.72	33.12	32.55	35.16
	Long-term capital property, plant, and equipment ratio (%)	253.58	273.03	276.20	313.38	317.95
Solvency	Current ratio (%)	44.73	62.26	71.82	62.01	75.76
	Quick ratio (%)	38.31	50.37	53.28	43.93	59.84
	Interest coverage ratio	1.43	-7.77	11.33	73.25	17.01
Management capacity	Receivables turnover ratio (times)	6.75	6.69	6.05	5.73	7.48
	Average collection period	54.11	54.54	60.38	63.65	48.80
	Inventory turnover ratio (times)	4.91	4.64	3.71	3.82	3.35
	Average days of sales	74.34	78.59	98.51	95.58	108.96
	Payable turnover ratio (times)	8.64	8.43	7.18	7.1	8.65
	Property, plant, and equipment turnover ratio (times)	0.42	0.38	0.31	0.30	0.31
	Total asset turnover ratio (times)	0.12	0.11	0.10	0.09	0.08
Profitability	Return on assets (%)	0.19	-1.04	1.93	11.52	4.71
	Return on equity (%)	0.03	-1.74	2.68	16.96	6.78
	Income before tax Paid-in capital Paid-in capital ratio (%)	0.35	-6.05	6.70	47.80	21.18
	Net profit margin (%)	0.16	-10.56	18.25	126.21	50.55
	Earnings per share (NT\$)	0.01	-0.45	0.69	4.71	2.12
Cash Flow	Cash flow ratio (%)	5.59	1.89	4.22	46.55	18.41
	Cash flow adequacy ratio (%)	34.72	39.00	33.71	59.47	57.76
	Cash reinvestment ratio (%)	1.17	0.39	0.55	4.62	0.77
Leverage	Operating leverage	-3.95	-3.59	-3.14	-1.77	-2.48
	Financial leverage	0.89	0.91	0.92	0.95	0.88

The reasons that caused the changes in financial ratios of more than 20% in the last two years:

1. Solvency:

- (1) The increase in current ratio and quick ratio was mainly due to the increase in current assets.
(2) The decrease in interest coverage ratio was mainly due to the decrease in net profit before tax.

2. Management capacity

- (1) The turnover ratio of accounts receivable increased mainly due to the decrease of accounts receivable.
(2) The increase in the turnover rate of accounts payable was mainly due to the decrease in accounts payable.

3. Profitability

The increase in each ratio was mainly due to the increase in cash inflow from operating activities

4. Cash Flow

The decrease in each ratio was mainly due to the decrease in cash inflow from operating activities.

5. Leverage

The increase in operating leverage was mainly due to the decrease in operating profit.

Note 1: The annual financial reports have been audited by certified public accountant.

Financial ratio calculation formulae are as follows:

1. Financial structure

- (1) Debt-to-assets ratio = total liabilities / total assets.
- (2) Long-term capital ratio for real estate, plant, and equipment = (total equity + non-current liabilities) / net for real estate, plant, and equipment.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventories - prepaid expenses - contract assets) / current liabilities.
- (3) Times interest earned = net income before income tax and interest expense / current interest expense.

3. Operating ability

- (1) Receivables (including accounts receivable arising from operation notes receivable) turnover ratio = net sales / average receivables (including accounts receivable arising from operation notes receivable) balances.
- (2) Average collection period = 365 / receivables turnover.
- (3) Inventory turnover = cost of goods sold / average inventory.
- (4) Payable (including accounts payable arising from operation notes payable) turnover ratio = cost of goods sold / average payables (including accounts payable arising from operation notes payable) balances.
- (5) Average days of sales = 365 / inventory turnover.
- (6) (Real estate, plant, and equipment turnover ratio = net sales / average net for real estate, plant, and equipment.
- (7) Total assets turnover ratio = net sales / average total assets.

4. Profitability

- (1) Return on assets = (net income + interest expenses × (1 - tax rate)) / average total assets.
- (2) Return on equity = net income / average total equity.
- (3) Net profit margin = net income / net sales.
- (4) Earnings per share = (profit or loss attributable to owners of the parent company - preferred stock dividends) / weighted average number of shares issued.

5. Cash flows

- (1) Cash flow ratio = new cash flows from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = net cash flows from operating activities in the past five years / (capital expenditure + increase in inventory + cash dividend) in the past five years.
- (3) Cash reinvestment ratio = (net cash flows from operating activities – cash dividend) / (gross margin of property, plant and equipment + long-term investment + other non-current assets + working capital).

6. Leverage:

- (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating income.
- (2) Financial leverage = operating income / (operating income - interest expenses).

III. Report of the Audit Committee on the Review of Recent Individual and Consolidated Financial Report : Please refer to page 81.

IV. Latest financial statements : Please refer to page 96 to page 205.

V. Latest accountant audited individual financial report : Please refer to page 206 to page 318.

VI. Effects of financial difficulties experienced by the company and its affiliated companies on the Company's financial status from recent year to the publication date of the annual report: None.

Shinih Enterprise Co., Ltd.
Audit Committee's Audit Report

Dear Shareholders,

The board of directors of the Company prepares the 2022 Financial Statements (including Business Report, Parent Company Only Financial Report, Consolidated Financial Report and Distribution of Earnings) proposals. The aforementioned Financial Report (including Parent Company Only Financial Report and Consolidated Financial Report) has been audited by two CPAs Chao-Pin Shao and Chien-Chen Huang of Crowe (TW) CPAs retained by the Company and an audit report has been issued for review. After the review of the Financial Report, the Audit Committee considers the content of the reports are consistent and conforming with the requirements properly. Accordingly, the Audit Committee's Review Report is hereby issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

The Company's 2023 General Shareholders Meeting

Shinih Enterprise Co., Ltd.

Audit Committee convener: Shu-Fen Wang

March 24, 2023

Chapter 7. Financial position and financial performance review analysis and risk assessments

I. Financial summary

(I) Comparative analysis of financial status

Unit: Thousands of New Taiwan Dollars

Item \ Year	2022	2021	Amount increase (decrease)	Percentage of change (%)
Current assets	3,345,276	2,675,072	670,204	25.05%
Property, plant and equipment	2,185,864	2,189,887	(4,023)	(0.18%)
Right-of-use assets	255,828	287,431	(31,603)	(10.99%)
Investment property	157,497	158,501	(1,004)	(0.63%)
Intangible assets	7,855	8,180	(325)	(3.97%)
Other assets	226,118	345,604	(119,486)	(34.57%)
Total assets	6,178,438	5,664,675	513,763	9.07%
Current liabilities	1,520,749	1,290,877	229,872	17.81%
Noncurrent liabilities	1,171,697	1,097,114	74,583	6.80%
Total liabilities	2,692,446	2,387,991	304,455	12.75%
Total equity attributable to parent company owners	3,411,775	3,210,392	201,383	6.27%
Share capital	1,091,071	1,091,071	0	0.00%
Capital surplus	230,774	230,774	0	0.00%
Retained earnings	2,120,175	1,999,833	120,342	6.02%
Other equity	44,643	(42,838)	87,481	(204.21%)
Treasury stock	(74,888)	(68,448)	(6,440)	9.41%
Non-controlling interest	74,217	66,292	7,925	11.95%
Total equity	3,485,992	3,276,684	209,308	6.39%
The reasons that caused the changes in financial ratios of more than 20% in the last two years:				
1. Increase of Current assets : Increase in cash after relocation of storage.				
2. Decrease of Other assets : Other financial assets - non-current to current assets.				
3. Decrease of Other equity : Exchange differences arising from the translation of financial statements of foreign operating institutions due to changes in exchange rates.				

II. Financial performance

(I) Comparative analysis of operating performance

Unit: Thousands of New Taiwan Dollars

Item \ Year	2022	2021	Amount increase (decrease)	Percentage of change (%)
operating income	2,630,253	2,613,247	17,006	0.65%
Operating costs	(1,926,438)	(2,011,148)	84,710	(4.21%)
Gross profit	703,815	602,099	101,716	16.89%
Operating expenses	(604,619)	(554,574)	(50,045)	9.02%
Net operating profit	99,196	47,525	51,671	108.72%
Non-operating income and expenditure	345,122	749,049	(403,927)	(53.93%)
Net profit before tax	444,318	796,574	(352,256)	(44.22%)
Income tax expenses	(203,226)	(269,061)	65,835	(24.47%)
Net profit of the term	241,092	527,513	(286,421)	(54.30%)
Other comprehensive income (net income after-tax)	93,033	(41,824)	134,857	(322.44%)
Total comprehensive income for the period	334,125	485,689	(151,564)	(31.21%)

The reasons that caused the changes in financial ratios of more than 20% in the last two years:

1. Increase of Net operating profit : This is due to the increase in gross profit margin due to part of the unit price increase.
2. Increase of Non-operating income and expenditure : This is due to the difference between the interests of Suzhou Taixin's purchase and storage division this year and the Hangzhou factory's purchase and storage division last year.
3. Decrease of Net profit before tax : This is due to a decrease in non-industry income compared to the same period last year.
4. Decrease of Income tax expenses : It is due to the relative reduction in profits.
5. Decrease of Net profit of the term : Due to the relative decrease in non-industry income °

III. Cash flows

(I) Changes in consolidated cash flows in 2022:

Unit: Thousands of New Taiwan Dollars

Item \ Year	2022	2021	increase (decrease)	
			Amount	%
Operating Activities	223,247	84,791	138,456	163.29%
Investing Activities	983,365	82,811	900,554	1087.48%
Financing Activities	(37,110)	(63,442)	26,332	(41.51%)
Total	1,169,502	104,160	1,065,342	1022.79%

Analysis description for items with increase and decrease ratio change of over 50% is as follows:

- The net cash inflow from operating activities in the current period increased compared with the previous period, mainly due to the successive collection of accounts receivable and the decrease in the amount of inventory provision.
- The net cash inflow from investment activities in this period increased compared with the previous period, mainly due to the increase in other financial assets and the increase in advance receipts from asset disposals.
- To sum up, the net cash inflow in this period increased compared with the previous period.

(II) Liquidity analysis for the last two years

Item \ Year	2022	2021	Increase (decrease) ratio (%)
Cash flow ratio (%)	14.68	6.57	123%
Cash flow adequacy ratio (%)	72.71	72.51	0.28%
Cash reinvestment ratio (%)	1.76	0.64	175%

Explanation of the increase and decrease ratio changes:
Both the cash flow ratio and the cash reinvestment ratio of the current period increased compared with the previous period, mainly due to the increase in net cash inflow from operating activities.

(III) Cash flow analysis for the coming year

Unit: Thousands of New Taiwan Dollars

Cash balance at beginning of year	Net cash flow from operating activities for the whole year	Net cash outflow for the whole year	Cash surplus at the end of the period	Cash shortfall remedy measures	
				Investment plan	Financing plan
1,999,100	100,000	50,000	2,049,100	N/A	N/A

Cash flow status analysis:

(1) Analysis of expected cash flow change status of the current year:

- Operating Activities : Continued profitability is expected to generate net cash inflow from operating activities.
- Investing Activities : The outflow is expected to be expenses for factory buildings, land-related ancillary equipment, etc., and the inflow is expected to be the purchase and storage interests of Suzhou Shinih.
- Financing Activities : Cash dividends are expected to be paid, thereby generating net cash outflows from financing activities.

In summary, the company expects to have a cash balance of 2,049,100 thousand.

(2) Insufficient liquidity improvement plan and liquidity analysis: Not applicable.

IV. The effects that significant capital expenditures have on financial operations in the recent year

The major capital expenditures made by the Company in the most recent year mainly refer to the investments in relevant machinery, equipment and factory construction equipment capital demands for Taiwan and Dongguan Taishin. The main source of capital is own funds along with bank financing as the secondary source of funds. Accordingly, the investments have no major impact on the financial status. Since the capital expenditures are utilized for investment planning according to the development strategy of the Company, after the equipment invested is utilized for production and operation in service, it will generate significant positive benefits on the business operation of the Company.

V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year

- (I) The Company's investment policy has always focused on the regional planning to provide local services, and services are provided to satisfy demands in the market. Based on the consideration that the general public's infrastructure industry is weak in the Southeast Asian region, the Company actively plans the development in Indonesia in order to expand the business scale in the Southeast Asian region.
- (II) Due to the impact of severe competitive environment caused by competitors in China seizing orders with large quantity at low price, the sales volume of the Company decreased and the revenue declined slightly. Accordingly, the internal of the Company focuses on the high quality sales unit price strategy, such that the overall sales profit margin is better than last year. For the long-term planning with investment in large software, hardware and labor resources, its cost has reflected in the increase of annual operating expense, such that the overall profit margin is less than expected. In view of the above, the Company will continue to enhance the internal control in order to reduce cost, and will also exert effort in the development of new products, new technologies and new markets, thereby expanding the operational niche.
- (III) Regarding the investment plan for the next year, the Company will promote the green energy and new functional material applications, establish long-term and stable raw material supply to reduce the impact of oil price fluctuation, and increase the production efficiency internally and loss control, as well as diversify the risk of centralized product and market.

VI. Risk issues and analysis evaluation

(I) Impact of interest rate and exchange rate changes and inflation on Company's profit and response measures:

1. Interest rate changes :

Interest rate change: The consolidated interest expenses for and 《2022 1st quarter》 were NT\$23,745 thousand and NT\$6,864 thousand respectively, accounted for the net operating income ratio of 0.9% and 1.1% respectively, and such ratios were not high;

The Company and subsidiaries still irregularly assess the bank loan interest and maintain close relationship with banks in order to obtain preferable discount interest rate in order to reduce the interest cost, and continue to utilize the Company's advantages to increase the bargain power, and to enhance the collection of receivable amounts, properly manage own fund and reduce financial leverage use appropriately. In addition, the short-term fund operation benefit is enhanced in order to increase the non-operating income source, thereby achieving maximum capital efficiency with diverse financial operations and methods.

2. Foreign exchange rate changes : For the revenues of the Company and subsidiaries in Taiwan and each overseas locations worldwide, except that the local sales use the local currency for calculation (including NTD/USD/RMB/VND/THB/IDR), the export sales mainly use USD as the primary currency and RMB as the secondary currency for calculation. Accordingly, despite the recent great fluctuation of exchange rate, its impact on the sustainable profit of business is relatively small under the cross-nation operation and the result of mutual gains and losses among various currencies. Nevertheless, for transactions based on foreign currencies, assessment risk is generated due to value change under the change of foreign exchange rate. For such situation, unless certain currency is expected to generate systematic risk that may lead to major exchange rate loss and exchange rate hedging operation is assessed to be adopted in

advance in order to control the exchange rate change risk within the acceptable range, natural hedging is still the primary method for other situations as the operation strategy for the current stage.

3. To cope with the price fluctuation due to inflation, the Company and subsidiaries adopt the centralized purchase method to reduce cost, and also engage in negotiation with suppliers for various cooperation criteria, in order to reduce the price risk. When it is considered necessary, the Company also timely adjusts the sales price and inventory status depending upon the market condition, in order to reduce impact of inflation, thereby effectively avoiding negative impact caused by inflation on the profit.

(II) The primary reasons for gain or loss and future response measures for high-risk and high-leveraged investments, loans to others, guarantee endorsements, and derivative transaction policy:

1. The Company and subsidiaries are committed to the operation of core business without participating in high risk and high leverage investment business. The derivative transaction related policies are established in accordance with relevant regulations of the Company, and under the objective of hedging, its main objective is to reduce the interest rate and exchange rate change risk associated with the assets and liabilities sustainable owned by the Company. Up to the present day, the Company and subsidiaries have not engaged in derivative transaction. In the future, in case where the Company or subsidiaries engage in derivate trading, corresponding reverse hedging operation on the sustainable assets and liabilities owned by the Company will be made. Accordingly, despite the derivate transaction, its impact on the sustainable profit will still be managed to be within the controllable range.
2. The Company has established the “Operational Procedures for Loaning Funds to Others” and “Operation Procedures for Making Endorsements/Guarantees” according to regulations of relevant competent authorities, and such procedures have been approved by the board of directors and shareholders’ meeting. Accordingly, the execution of the operation of loaning of funds to others or making of endorsements/guarantees is required to comply with the aforementioned operation procedures. Up the present day, the subjects for the loaning of fund and making of endorsements/guarantees are subsidiaries or second-tier subsidiaries of the Company; therefore, in terms of the risk control, there have been no occurrence of situations that cannot be substantially expected and controlled. In the future, the Company will continue to uphold such principle in order to use it as a basis for the operations of loaning of fund and making of endorsements/guarantees.

(III) Future R&D projects and estimated R&D expenditure:

The Company and subsidiaries have upheld the principles of integrity and innovation. In addition to the continuous release of new products of industrial materials for various industrial purposes, the Company also actively promotes functional product ratio in recent years and is committed to the research development of product differentiation and market diversity, in order to maintain the leading technology advantage and to progressively expand the business operation field and aspect. The research and development expenses of the Company subsidiaries in 《2021》 and 《2022》 were NT\$54,380 thousand and NT\$75,409 thousand respectively. The Company will continue to invest in the research and development plans in order to achieve corporate sustainable development.

《2023》 Estimated research and development plans and expenses:

R&D projects	Investment amount (NT\$1,000)
Process innovation	22,376
Product multi-function application development	48,254
Total	70,630

(IV) The affect that domestic and international policies and law changes have on the company's financial operations as well as the responding measures:

The execution of all businesses of the Company and subsidiaries comply with relevant laws and regulations of the competent authority. To cope with the possible impacts of the domestic and foreign important policies and legal changes, the Company and subsidiaries actively propose response solutions and measures through meeting and video conference method at any time, in order to effectively understand relevant impact information, thereby promoting such impact to develop toward advantageous and positive direction. For the most recent year and up to the printing date of the annual report, there is no impact of relevant important policies and laws on the financial status and affairs of the Company.

(V) The effect that technological changes and industrial changes have on the company's financial operations as well as the responding measures:

Different areas of the world have different level of technologies and techniques. Presently, the Company is a domestic enterprise with the most comprehensive global planning in the nonwoven fabric industry. As information is widely communicated through network, practical experience is the key to the establishment of solid foundation. The Company utilizes leading and latest information collected from all areas, integrates technologies with practical technical experience and continues to promote automation and smart data, in order to cope with the technology and industrial changes. Consequently, under the rapid changing industrial environment, the Company is able to seize opportunities for sustainable operation.

During the industry evolution process in the future, a globalized group is expected to have absolute business advantages. The information of the group links swiftly and the technologies and product innovations of all areas interact with each other to achieve synergy effect, thereby improving the overall practical experience, elevating the entrance barrier and increasing operational advantages.

(VI) The effects that enterprise image change have on enterprise crisis management as well as the responding measures:

Since the establishment, the Company has upheld four main philosophies of honesty, integrity, innovation and return, and is committed to the business operation and management of the Company. With regard to the corporate image change and maintenance, the Company focuses on the improvement of the entrepreneurial philosophy in order to make upward adjustment progressively, such that the Company is able to satisfy the market needs adequately during the corporate business evolution process while moving forward with the corporate philosophy at the same time. Consequently, the corporate philosophies and actual performance are aligned with synergy, thereby achieving win-win situation.

Accordingly, with the original business philosophy established during the establishment, the corporate image of the Company and subsidiaries have been maintained properly for the most recent year and up to the printing date of the annual report. In addition to the continuous focus on the core business development, the Company also provides contribution and return to the local communities and disadvantaged groups with own products irregularly.

(VII) Expected benefits and potential risks of merger and acquisition and response measures:

Presently, all of the business offices of the Company have been established according to the investment strategy. In addition, up to the present day, there has been no merger and acquisition plan.

(VIII) The expected benefits and possible risks of plant expansion as well as the responding measures:

In recent years, the Company frequently assesses the possibility of facility expansion, regional policy, culture local resources and upstream/downstream supply chain of the Southeast Asia, and also plans, estimates and establishes countermeasures for possible risks and return. In recent years, the Company has established factory in Indonesia, and during the execution process, the investment experience and effects accumulated from the past years have been implemented and applied. In addition, the Company further expands the scope of business, diversifies the regional risks and cultivates future return.

(IX) Risks faced by concentrated sales or purchasing as well as the responding measures:

1. purchasing

The main purchase of large volume of raw material of the Company and subsidiaries for production refers to the purchase of polyester. The market supply for such raw material is sufficient, and the Company and subsidiaries also maintain proper relationship with numerous international suppliers. Presently, the supply market is not a monopoly or oligopoly market, and the Company and subsidiaries actively distribute the supply source for purchase; therefore, there is no risk of centralized purchase.

However, China has gradually become an important country for the supply of chemical fibers. Under the advantages of the environment of RCEP, CPTPP trade agreements, vast consumption market and the policy for assisting the raw material supplier Hengyi Petrochemical in the investment of local development of Brunei chemical fiber raw material, along with the policy of Belt and Road for Southeast Asia, the enterprises of Hengyi Petrochemical, Shenghong, Rongsheng and Tongkun, etc. have been driven to grow, and such growth also further reduces the production capacity utilization rate of nearby countries for the production of chemical fibers.

As the Company has the advantages of distributed investments in the existing regions, the Company also actively expands the development of environmental protection related products in conjunction with high added-value manufacturing technologies, in order to diversify the risk of raw material price fluctuation that may affect the gross profit.

2. sales

The application scope of nonwoven fabric industry is broad, and business opportunities for nonwoven fabrics exist in all fields and sectors. The Company utilizes its R&D advantages to supply products that are applicable and sold to various different industries, such as garment, bedding, sports goods, medical care, building material, furniture, decoration, agriculture, auto industry and other functional consumer goods. In addition, since the Company distributes the production and sales in various locations worldwide, and the sales of products are also distributed to various types of industries and customer groups, consequently, there is no risk of centralized sales.

Product function and application focus on the market demands. Accordingly, for the current year, the Company will continue to promote medical supplies related to epidemic control.

(X) The effects that large share equity transfers by directors or major shareholders holding more than 10% of the company shares have on the company as well as risk and responding measures:

Up to the printing date of the annual report of the Company, the shareholding of directors is approximately 26.69%, and the shareholding percentage has exceeded the minimum percentage specified by the relevant laws and regulations such that the management right is relatively stable. In addition, since the election, up to the present day, the directors and shareholders with shareholding percentage exceeding 10% are not subject to major equity transfer. Furthermore, since the assumption of the present term of office of directors, there is no concern on any large transfer of equity or any change of director that may cause material impact on the Company.

(XI) The effects that change in management has on the company as well as risk and responding measures:

The Company has established the internal control management system, and all operations are executed according to the management system. With regard to the authorization and decentralization management, the organization structure is adjusted depending upon the actual needs at any time, and regardless how the organizational structure is changed, professional managers are established according to the structure, in order to manage and handle various productions, sales and operations. Therefore, both the organization and decentralization management operations are performed in compliance with relevant systems, and corporate management and execution benefits can be generated without the risk of causing major impact on the corporate due to change of management right.

For the most recent year and up to the printing date of the annual report, the Company is not subject to any issue and risk related to the change of management right.

(XII) litigation or non-litigation matters : None ◦

(XIII) Other critical risks and response measures: : None ◦

VII. Other critical matters: None.

Chapter 8. Special note items

I. Relevant information for the affiliated enterprises

(I) Consolidated business reports form the affiliated enterprises

1. Organization chart for the affiliated enterprises

Shinih Co., Ltd.	<u>Percentage of Ownership</u>
----- Taiwan Kureha Co., Ltd. -----	84.62
----- Interbond Co., Ltd. -----	100
----- Shinih Fiber Products (Suzhou) Co., Ltd.-----	11
----- Shinih Holding Company Ltd. -----	100
----- Shinih Fiber Products (Suzhou) Co., Ltd. -----	89
----- Dong Guan Shinih Fiber Products Co., Ltd. -----	100
----- Hangzhou Shinih Fiber Products Co., Ltd. -----	100
----- Shinih Fiber Products (TangShan) Co., Ltd. -----	100
----- Taixin Fiber Products (Suzhou) Co., Ltd. -----	100
----- TangShan Taixin Fiber Products Co., Ltd. -----	100
----- Qingdao Taixin Fiber Products Co., Ltd. -----	100
----- Hubei Taixin Shinih Fiber Products Co., Ltd. -----	100
----- Shinih (Cambodia) Co.,Ltd. -----	100
----- Kunshan Shinih Trading Corporation Limited -----	100
----- PT Shinih Nonwovens Indonesia -----	99
----- Sunburst International Ltd. -----	100
----- V.F.T INC. -----	100
----- American Nonwoven INC. -----	100
----- MS Nonwoven INC. -----	100
----- Kureha (Thailand) Co., Ltd. -----	50
----- Shinih Vietnam Company Ltd. -----	100
----- Dong Guan Taixin Fiber Products Co., Ltd. -----	100
----- Shinih USA INC. -----	100
----- American Outdoor Living INC. -----	100
----- World Furniture Group -----	100
----- American Furniture Alliance Inc.-----	80
----- S International Inc. -----	100

2. Basic information of the various affiliated enterprises

March 31, 2023

Enterprise name	Date of Establishment	Address	Paid-in capital (Unit: Thousands of New Taiwan Dollars)	The main businesses or production items
Shinih Holding Co., Ltd.	1997.12.01	Vistra Corporate Services Centre, Ground Floor Npf Building, Beach Road, Apia, Samoa	USD10,000	Securities trading and investment.
Sunburst International Ltd.	1997.01.20	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, Vg1110, British Virgin Islands.	USD50	Operating textile, polyester cotton and other important export trade and reinvestment business
Taiwan Kureha Co., Ltd.	1988.04.25	No. 2-23, Tuku, Shuixiu Vil., Yanshui Dist., Tainan City 73743, Taiwan (R.O.C.)	NTD65,000	The manufacture, processing and sale of nonwoven fabric material, carpets, tapestries, conveyor belts and air filters.
Shinih Fiber Products (Suzhou) Co., Ltd.	1993.04.16	No. 16 Dongcang North Road, Taicang City, Jiangsu Province	USD2,500	Nonwoven fabric material manufacturing, processing and trading.
Dong Guan Shinih Fiber Products Co., Ltd	1997.04.14	Lihe Village, Dali Management District, Qingxi Town, Dongguan City, Guangdong Province	USD1,720	Nonwoven fabric material manufacturing, processing and trading.
V.F.T INC.	1997.07.16	1040 S.Vail AVE. Montebello, CA (90640-6020)	USD200	Nonwoven fabric material manufacturing, processing and trading.
Shinih Fiber Products (TangShan) Co., Ltd.	2000.09.04	Lutai Farm Economic and Technological Development Zone, Tangshan City, Hebei Province	USD2,000	Nonwoven fabric material manufacturing, processing and trading.
Hangzhou Shinih Fiber Products Co., Ltd.	2000.08.14	No. 766 Jianshe Third Road, Xiaoshan Economic Development Zone, Zhejiang Province	USD3,750	Nonwoven fabric material manufacturing, processing and trading.
Kureha (Thailand) Co., Ltd.	2001.04.30	525 Moo 4 Bangpoo Industrial Estate, Sukhumvit RD., Praksa, Muang District, Samutprakarn 10280 Thailand	THB75,000	The manufacture, processing and trading of blankets and air filters
Shinih Vietnam Co., Ltd.	2002.01.10	B3-3 Cu Chi Northwest Industrial Zone, Cu Chi District, HCMC, Vietnam	USD2,000	Nonwoven fabric material manufacturing, processing and trading.
Taixin Fiber Products (Suzhou) Co., Ltd.	2000.12.11	No. 57 Luoyang East Road, New District, Taicang City, Jiangsu Province	USD5,000	Nonwoven fabric material manufacturing, processing and trading.
Dong Guan Taixin Fiber Products Co., Ltd.	2002.10.14	Lihe Village, Dali Management District, Qingxi Town, Dongguan City, Guangdong Province	USD2,000	Nonwoven fabric material manufacturing, processing and trading.
American Outdoor Living Inc.	2003.07.30	820 S VINTAGE AV#A ONTARIO CA 91764 CALIFORNIA	USD1,000	Nonwoven fabric material manufacturing, processing and Trading.
Shinih USA Inc.	2003.10.29	1040 S.Vail AVE. Montebello, CA (90640-6020)	USD1,100	Securities trading and investment.
TangShan Taixin Fiber Products Co., Ltd.	2007.12.29	Lutai Farm Economic and Technological Development Zone, Tangshan City, Hebei Province	USD2,100	Nonwoven fabric material manufacturing, processing and trading.
Qingdao Taixin Fiber Products Co., Ltd.	2007.06.22	No. 6 Jianquan Road, Jiaobei Town, Jiaozhou City, Shandong Province	USD3,000	Nonwoven fabric material manufacturing, processing and trading.
MS Nonwoven Inc.	2008.07	275 Industrial DR, Pontotoc, MS (38863-1326)	USD7,428	Nonwoven fabric material manufacturing, processing and trading.
American Nonwoven Inc.	2003.06.30	9141 Arrow RTE, Rancho Cucamonga, CA (91730-4414)	USD100	Nonwoven fabric material manufacturing, processing and trading.
Interbond Co., Ltd.	2009.12.01	5F.-1, No. 266, Sec. 1, Wenhua 2nd Rd., Linkou Dist., New Taipei City 244022, Taiwan (R.O.C.)	NTD2,000	Nonwoven fabric material manufacturing, processing and trading.

Enterprise name	Date of Establishment	Address	Paid-in capital (Unit: Thousands of New Taiwan Dollars)	The main businesses or production items
Hubei Taixin Shinih Fiber Products Co., Ltd.	2011.01.20	350 Hangkong Kou Road, Liuhe Industrial Park, Xiaogan Economic Development Zone, Hubei Province	USD3,750	Nonwoven fabric material manufacturing, processing and trading.
Shinih (Cambodia) Co., Ltd.	2013.06.20	Phnom Penh Villa Apartment Room #501 No.124, ST.388, Sangkat Tuol Svay Prey I, Khan Chamkarmorn, Phnom Penh, Cambodia	USD1,500	Nonwoven fabric material manufacturing, processing and trading.
Kunshan Shinih Trading Co., Ltd.	2014.09.24	Room 18, Building 2, Kuncheng Zhongxin Square, Yushan Town, Kunshan City, Jiangsu Province	USD300	Textiles, machinery/equipment, automotive decorative and import/export business, and sales and consultation services for the aforementioned products.
World Furniture Group	2014.11	9141 Arrow Route Rancho Cucamonga, California 91730	USD400	Nonwoven fabric material manufacturing, processing and trading.
American Furniture Alliance Inc.	2014.11	785 E. Harrison Street Corona California 92879	USD500	Nonwoven fabric material manufacturing, processing and trading.
PT Shinih Nonwovens Indonesia	2017.04	Kawasan Industri Indotaisei, Sektor IA Blok D2, Desa Kalihurip, Kec. Cikampek	USD6,500	Nonwoven fabric material and other manufacturing and sales.
S International Inc.	2022.10	1040 S. VAIL AVE. MONTEBELLO, CA	USD100	General merchandise trade.

3. Information on the same shareholders who are presumed to be in a controlling or subordinate relationship: None.

4. Businesses covered by the business operated by the overall affiliated enterprise:

Manufacturing, processing, trading, import/export trading of nonwoven, bedding, textile machineries, nonwoven carpets, tapestries, sound insulation blankets, conveyor belts and air filters, medical materials, and general investment business, etc. For the main businesses or production items of each affiliated enterprise, please refer to the aforementioned affiliated enterprise basic information chart.

5.Information on directors, supervisors and general managers of affiliated companies

March 31, 2023

Enterprise name	Title	Name or representative	Shareholding	
			Number of shares (Shares)	Shareholding percentage (%)
Taiwan Kureha Co., Ltd.	Chairman	Shinih Enterprise Co., Ltd. Representative: : Koizumi Shōta	55,000	84.62%
	Directors Directors	Chia-Chin Chien、Yi-Lung,Lu、Chung-Nan,Shih Kureha Limited-Japan(Kureha) Representative: Tanaka Hironori	10,000	15.38%
Shinih Holding Co., Ltd.	Directors	Shinih Enterprise Co., Ltd. Representative: Sheng-Hung Chien	10,000,000	100.00%
Sunburst International Ltd.	Directors	Shinih Enterprise Co., Ltd. Representative:Sheng-Hung Chien	50,000	100.00%
Shinih Vietnam Co., Ltd.	Chairman	Shinih Enterprise Co., Ltd. Representative: Sheng-Hung Chien	Contribution USD2,000,000	100.00%
Kureha (Thailand) Company Ltd.	Directors	Shinih Enterprise Co., Ltd. Representative: Koizumi Shōta、Chia-Lin,Chien、James Chiu、Chia-Chin Chien	37,500	50.00%
		Kureha Limited-Japan(Kureha) Representative: Tanaka Hironori、Ueda Takashi	37,500	50.00%
Dong Guan Taixin Fiber Products Co., Ltd.	Chairman Directors	Shinih Co., Ltd. Representative: Chun-Wen Chiu Shiu-Hsia, Chien、Liyi,Wu	Contribution USD2,000,000	100.00%
Interbond Co., Ltd.	Chairman	Shinih Co., Ltd. Representative: Mei-Yu, Chien	200,000	100.00%
Shinih Fiber Products (Suzhou) Co., Ltd.	Chairman Directors	Shinih Holding Co., Ltd. Representative: Chin-Yung Wu Shiu-Hsia, Chien、Mei-Yu, Chien	Contribution USD2,500,000	100.00%
Dong Guan Shinih Fiber Products Co., Ltd.	Chairman Directors	Shinih Holding Co., Ltd. Representative: Chun-Wen Chiu Shiu-Hsia, Chien、Liyi,Wu	Contribution USD1,720,000	100.00%
Hangzhou Shinih Fiber Products Co., Ltd.	Chairman Directors	Shinih Holding Co., Ltd. Representative: Shiu-Hsia, Chien Liyi,Wu、Ya-Nan,Hsieh	Contribution USD3,750,000	100.00%
Shinih Fiber Products (TangShan) Co., Ltd.	Chairman Directors	Shinih Holding Co., Ltd. Representative: Liyi,Wu Ya-Nan,Hsieh、Mei-Yu, Chien	Contribution USD2,000,000	100.00%
Taixin Fiber Products (Suzhou) Co., Ltd.	Chairman Directors	Shinih Holding Co., Ltd. Representative: Chin-Yung Wu Shiu-Hsia, Chien、Mei-Yu, Chien	Contribution USD5,000,000	100.00%
TangShan Taixin Fiber Products Co., Ltd.	Chairman Directors	Shinih Holding Co., Ltd. Representative: Liyi,Wu Ya-Nan,Hsieh、Mei-Yu, Chien	Contribution USD2,100,000	100.00%
Qingdao Taixin Fiber Products Co., Ltd.	Chairman Directors	Shinih Holding Co., Ltd. Representative: Chun-Wen Chiu Shiu-Hsia, Chien	Contribution USD3,000,000	100.00%
Hubei Taixin Shinih Fiber Products Co., Ltd.	Chairman Directors	Shinih Holding Co., Ltd. Representative: Shiu-Hsia, Chien Ya-Nan,Hsieh、Liyi,Wu	Contribution USD3,750,000	100.00%
Kunshan Shinih Trading Co., Ltd.	Chairman	Shinih Holding Co., Ltd. Representative: Mei-Yu,Chien	Contribution USD300,000	100.00%
Shinih USA Inc.	Chairman	Shinih Co., Ltd. Representative: John Chang	1,100,000	100.00%
American OutdoorLiving Inc	Chairman	Shinih USA Inc.Representative: John Chang	Contribution USD1,000,000	100.00%
World Furniture Group	Chairman	Shinih USA Inc.Representative:Paul Chien	Contribution USD400,000	100.00%
American Furniture Alliance Inc.	Directors	World Furniture Group Representative:John Chang	Contribution USD400,000	80.00%
V.F.T INC.	Chairman	Shinih Co., Ltd.Representative:John Chang	100	100.00%
American Nonwoven Inc.	Chairman	V.F.T INC. Representative: John Chang	Contribution USD100,000	100.00%
MS Nonwoven Inc.	Chairman	V.F.T INC. Representative: Paul Chien	Contribution USD7,428,565	100.00%
Shinih (Cambodia) Co., Ltd.	Chairman Directors	Shinih Holding Company Ltd. Representative: Sheng-Hung Chien Chi-Wen Chien、Ai-Mei Chien、Chun-Wen Chiu	Contribution USD1,500,000	100.00%
PT Shinih Nonwovens Indonesia	Chairman	Shinih Holding Company Ltd. Representative: Jui-Jui Chien	Contribution USD6,435,000 65,000	99.00% 1.00%
S International Inc.	Chairman	World Furniture Group Representative:John Chang	Contribution USD100,000	100.00%

6. Status of operation for various affiliated companies

December 31, 2022, Unit: Thousands of New Taiwan Dollars

Enterprise name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating net (loss) profit	Current net (loss) profit (After tax)	Earnings per share (After tax)
Taiwan Kureha Co., Ltd.	65,000	120,623	88,715	31,908	131,280	(14,210)	(9,747)	(149.95)
Shinih Holding Company Ltd.	307,100	2,060,802	120	2,060,682	0	(1,530)	223,338	22.33
Sunburst International Ltd.	1,635	24,198	1,144	23,053	0	(180)	1,896	37.92
Kureha (Thailand) Company Ltd.	67,058	223,147	66,727	156,420	226,902	45,474	35,530	473.73
Shinih Vietnam Company Ltd.	61,420	445,355	184,436	260,919	401,638	99,437	61,685	-
Dong Guan Taixin Fiber Products Co., Ltd.	72,963	404,744	364,933	39,812	248,369	(33,345)	(40,553)	-
Interbond Co., Ltd.	2,000	1,324	0	1,324	0	(109)	(107)	-
Shinih Fiber Products (Suzhou) Co., Ltd.	84,057	518,873	216,399	302,473	327,679	83,751	71,112	-
Dong Guan Shinih Fiber Products Co., Ltd.	62,751	58,354	1,054	57,301	0	(3,926)	12,442	-
Hangzhou Shinih Fiber Products Co., Ltd.	136,957	339,140	115,277	223,862	53,314	(10,476)	2,339	-
Shinih Fiber Products (TangShan) Co., Ltd.	72,928	77,177	13,010	64,167	0	(2,629)	4,593	-
Taixin Fiber Products (Suzhou) Co., Ltd.	182,485	494,250	82,683	411,567	60,096	(30,011)	234,769	-
TangShan Taixin Fiber Products Co., Ltd.	68,862	129,383	55,066	74,317	56,226	374	951	-
Qingdao Taixin Fiber Products Co., Ltd.	97,797	63,891	38,106	25,784	824	(9,255)	(8,603)	-
Hubei Taixin Shinih Fiber Products Co., Ltd.	108,234	93,808	112,392	(18,585)	2,545	(10,958)	(19,495)	-
Kunshan Shinih Trading Co., Ltd.	8,118	66,734	55,412	11,322	0	(11,511)	4,111	-
Shinih USA Inc.	33,781	130,377	59,855	70,522	8,061	2,565	6,539	5.94
American OutdoorLiving Inc	30,710	133,059	7,104	125,955	259,522	(17,160)	3,188	-
World Furniture Group	12,284	7,895	46,826	(38,931)	0	(36,056)	1,666	-
S International Inc.	3,071	3,014	0	3,014	0	(56)		-
American Furniture Alliance Inc.	15,355	46,230	98,294	(52,064)	67,903	(372)	1,730	-
VFT INC.	6,142	400,676	130,333	270,343	183,890	14,870	38,563	385,630
AMERICAN NONWOVEN INC.	3,071	364,125	73,464	290,661	451,409	26,010	23,023	-
MS NONWOVEN INC.	12,284	46,314	10,642	35,673	35,964	1,713	3,040	-
Shinih (Cambodia) CO.,LTD.	46,065	80,327	111,183	(30,856)	0	(12,827)	(5,218)	-
PT Shinih Nonwovens Indonesia	199,615	184,767	33,623	151,144	58,068	7,350	6,331	-

(II) Affiliated enterprise consolidated financial report declaration: Please refer to page 96.

(III) Affiliation report: None.

II. Status of private solicitation for marketable securities handling for the recent year up to the publication date of this annual report: None.

III. Status of company share holding or handling by a subsidiary company for the recent year up to the publication date of this annual report: None.

IV. Other necessary supplemental information: None.

Chapter 9. Corporate events with material impact on shareholders' equity or stock prices set forth in Subparagraph 2, Paragraph 3, Article 36 of Securities Exchange Act in the past year and up to the date of report: None.

- I. Dishonored bill due to insufficient deposit, rejected account or other loss of credit incidents: None.
- II. Litigation, non-litigation, administrative disposition, administrative dispute, security procedure or compulsory execution events causing material impact on the finance or business of the Company: None.
- III. Serious reduction of production or all or partial suspension of work, leasing of facility or key equipment of the Company, pledge of all or partial assets causing impact on the Company: None.
- IV. Any one of the matters specified in Subparagraphs of Paragraph 1 of Article 185 of the Company Act: None.
- V. Court ruling on the stocks of the Company being prohibited from transfer according to the provision specified in Subparagraph 5 of Paragraph 1 of Article 287 of the Company Act: None.
- VI. Chairman, President or more than one third of the directors are subject to change: None.
- VII. Change of CPA: None.

The CPA firm retained by the Company was under internal accountant job duty adjustment; therefore, since the first quarter of 2020, one of the previously appointed CPAs, CPA Chen-Yu Yang, was changed to CPA Su-Chuan Huang. In addition, starting from the first quarter of 2021, CPA Su-Chuan Huang has been changed to CPA Chien-Chen Huang.

- VIII. Signing, change, termination or rescission of important memorandums, strategic alliance or other business cooperation plans or important contracts, change of business plan important content, completion of new product development, trial product successfully developed and entering mass production stage officially, acquisition of enterprise of others, acquisition or assignment of patent rights, transactions of trademark exclusive right, copyright or other intellectual property rights that may cause major impact on the finance or business of the Company: None.
- IX. Other major events sufficient to affect the continuous operation of the Company: None.

Shinih Enterprise Corporation
Internal Control System Statement

Date: March 24, 2023

Based on the results of self-evaluation, the Company's 2022 internal control system hereby declares the following:

- II. The Company acknowledges that the Company's Board of Directors and managers are responsible for the implementation and maintenance of the internal control system, and that the company has already established such a system, and that the company has already established such a system. The objective is to provide reasonable assurances that the goals of operational effectiveness and efficiency (including profitability, performance, asset security, etc.), financial report reliability, timeliness, transparency, and regulatory compliance will be achieved.
- III. Internal control regulations possess inherent shortcomings. Regardless of its design, an effective internal control system can only provide reasonable assurance of the three objectives as mentioned above. Furthermore, its effectiveness may change due to changes in the Company's environment and circumstances. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- IV. The Company shall determine the effectiveness of the internal control system design and execution based on the internal control system effectiveness review items as provided by the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereafter "Handling Regulations"). The criteria introduced by the "Governing Regulations" cover the process of management control and consist of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Monitoring operations. Each component also comprised several items. Please refer to "Governing Regulations" for details.
- V. The company has already adopted the aforementioned internal control system judgment items to inspect the effectiveness of the internal control system design and implementation.
- VI. Based on the aforementioned evaluation results, the company believes that the design and execution of its December 31, 2022 internal control system (including those adopted for supervision and management of subsidiary branches) are effective in terms of understanding of operational effectiveness, level of efficiency fulfillment, financial reporting reliability, timeliness, transparency, and regulatory compliance-related internal control system items; and that the company can reasonably achieve the aforementioned goals.
- VII. This statement will be the main content of the Company's annual report and public statement, and will be made available to the public. Should any of the aforementioned disclosure contents be fictitious or concealed in an illegal manner, the company shall bear legal responsibilities pursuant to Articles 20, 32, 171, and 174 of the Securities Exchange Act.
- VIII. This declaration statement has been authorized by the Board of Directors on March 24, 2023, and all seven attendees of the Board have approved the contents of the declaration statement.

Shinih Enterprise Corporation

Chairman: Jui-Jui Chien

President: Jung-Fu, Chien

REPRESENTATION LETTER

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

Very truly yours,

SHINIH ENTERPRISE CO., LTD.

By

SHINIH ENTERPRISE CO., LTD.


Authorized Signature

CHIEN JUI JUI
Chairman

February 24, 2023

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

1. Impairment of accounts receivable

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

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

2. Valuation of allowance to reduce inventory to market

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

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

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

3. Impairment assessment of property, plant and equipment

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

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

4. Recognition of gain on land expropriation and compensation agreement

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

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

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

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

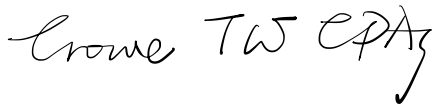
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies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

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

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

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

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

A handwritten signature in black ink that reads "Crowe TW CPAs". The signature is written in a cursive, flowing style.

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

March 24, 2023

Notice to Readers

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

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

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

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

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

SHINIH ENTERPRISE CO., LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR YEARS ENDED DECEMBER 31, 2022 AND 2021

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

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

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

SHINIH ENTERPRISE CO., LTD. and Subsidiaries

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

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

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

SHINIH ENTERPRISE CO., LTD. and Subsidiaries

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

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

(Continued)

SHINIH ENTERPRISE CO., LTD. and Subsidiaries

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

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

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

(Concluded)

SHINIH ENTERPRISE CO., LTD. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. GENERAL INFORMATION

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

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

2. THE AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) Annual Improvement to IFRS Standards 2018-2020

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

by the FSC are as follows:

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Statement of Compliance

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

4.2 Basis of Preparation

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

consolidated financial statements are disclosed in Note 5.

4.3 Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

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

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

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

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

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

Note 4 : The subsidiary was established in October 2022.

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

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

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

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

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

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

Balance Sheets

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

Statements of Comprehensive Incomes

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

Statements of Cash Flows

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

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

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

4.4 Foreign Currencies

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

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

4.5 Classification of Current and Noncurrent Assets and Liabilities

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

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

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

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

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

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

4.6 Cash and cash equivalents

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

4.7 Financial Instruments

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

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

the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial assets

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

(a) Measurement categories

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

i. Financial assets at amortized cost

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

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

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

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

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

(b) Impairment of financial assets

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

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

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

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

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

(c) Derecognition of financial assets

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

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

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

B. Equity instruments

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

C. Financial liabilities

(a) Subsequent measurement

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

(b) Derecognition of financial liabilities

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

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

D. Modification of Financial Instruments

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

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

4.8 Inventories

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

4.9 Property, Plant and Equipment

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

profit or loss.

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

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

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

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

4.10 Leases

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

A. The Group as lessee

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

Right-of-use assets

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

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

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

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

Lease liabilities

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

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

B. The Group as lessor

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

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

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

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

4.11 Investment Property

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

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

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

4.12 Intangible Assets

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

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

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

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

4.13 Impairment of non-financial assets

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

4.14 Provisions

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

4.15 Employee Benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

C. Employees' compensation and directors' remuneration

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

4.16 Capital Stock and Treasury Stock

A. Capital stock

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

B. Treasury stock

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

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

4.17 Income Tax

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

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

4.18 Revenue Recognition

The Group applies the following steps for revenue recognition:

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

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

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

A. Revenue from sale of goods

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

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

B. Service revenue

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

4.19 Government Grants

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

4.20 Borrowing Costs

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

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

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

4.21 Share-based payment transactions

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

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

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

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

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

5.1 Critical judgments in applying accounting policies

A. Investment property

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

B. Lease terms

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

5.2 Critical accounting estimation and assumption

A. Estimated impairment of financial assets

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

impairment loss may arise.

B. Realizability of deferred tax assets

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

C. Evaluation of inventories

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

D. Calculation of accrued pension obligations

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

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

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

F. Impairment assessment of tangible and intangible assets

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

G. The lessee's incremental borrowing rate

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

6.1 CASH AND CASH EQUIVALENTS

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

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

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

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

6.2 NOTES RECEIVABLE, NET

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

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

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

6.3 ACCOUNTS RECEIVABLE, NET

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

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

December 31, 2022

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

December 31, 2021

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

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

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

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

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

6.4 OTHER RECEIVABLES, NET

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

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

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

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

6.5 INVENTORIES AND OPERATING COSTS

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

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

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

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

6.6 NONCURRENT ASSETS HELD FOR SALE

(1) Assets of the disposal group held for sale

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

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

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

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

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

6.7 OTHER FINANCIAL ASSETS - CURRENT

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

The Group has no financial assets pledged to others.

6.8 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

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

6.9 LEASE ARRANGEMENT

(1) Right-of-use assets

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

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

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

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

(2) Lease liabilities

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

Range of discounts rate for lease liabilities is as follow:

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

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

(3) Other lease information

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

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

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

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

(5) Material lease-in activities and terms

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

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

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

6.10 INVESTMENT PROPERTY

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

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

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

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

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

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

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

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

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

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

6.11 INTANGIBLE ASSETS

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

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

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

6.12 SHORT-TERM LOANS

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

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

6.13 OTHER PAYABLES

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

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

6.14 DEFERRED REVENUE

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

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

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

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

6.15 LONG-TERM LOANS

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

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

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

6.16 RETIREMENT BENEFIT PLANS

(1) Defined contribution plans

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

(2) Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Investment risk

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

(b) Interest risk

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

(c) Salary risk

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

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

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

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

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

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

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

6.17 COMMON STOCKS

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

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

6.18 CAPITAL SURPLUS

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

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

6.19 RETAINED EARNINGS AND DIVIDEND POLICY

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

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

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

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

(3) Special capital reserve

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

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

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

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

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

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

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

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

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

6.20 OTHER EQUITY

A. Exchange differences on translation of foreign operations

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

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

6.21 TREASURY STOCK

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

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

(Unit: Shares in thousand)

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

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

6.22 NON-CONTROLLING INTEREST

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

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

6.23 OPERATING REVENUE

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

A. Description of customer contract

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

B. Disaggregation of revenue from contracts with customers

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

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

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

C. Contract balances

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

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

6.24 PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

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

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

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

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

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

The aforementioned employees' compensation is distributed in cash.

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

6.25 OTHER INCOME

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

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

6.26 OTHER GAINS AND LOSSES

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

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

(1) Gain on the land expropriation and compensation

2022 Suzhou Taixin

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

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

2021 Hangzhou Shinih

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

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

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

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

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

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

6.27 FINANCIAL COSTS

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

6.28 INCOME TAX

A. Income tax expense

(1) Components of income tax expense

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

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

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

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

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

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

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

C. Income tax assets and liabilities:

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

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

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

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

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

6.29 OTHER COMPREHENSIVE INCOME

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

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

6.30 EARNINGS PER SHARE

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

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

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

7. RELATED PARTY TRANSACTIONS

A. Names of related parties and relationship

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

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

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

(a) Operating revenue

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

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

(b) Purchases

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

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

(c) Lease arrangements

(a) Lease liabilities

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

(b) Interest expense			
Categories/Names of related parties	December 31, 2022	December 31, 2021	
Substantive related party	\$ 49	\$	2,138
Total	\$ 49	\$	2,138
(c) Interest expense			
Categories/Names of related parties	2022	2021	
Substantive related party	\$ 3,684	\$	5,260
Other related parties	137		145
Total	\$ 3,821	\$	5,405
(d) Accounts receivable			
Categories/Names of related parties	December 31, 2022	December 31, 2021	
Investors with significant influence over the Group	\$ 6,582	\$	6,463
Substantive related party	1,505		1,184
Total	\$ 8,087	\$	7,647
(e) Other receivables			
Categories/Names of related parties	December 31, 2022	December 31, 2021	
Substantive related party	\$ 4,980	\$	954
Total	\$ 4,980	\$	954
(f) Accounts Payable			
Categories/Names of related parties	December 31, 2022	December 31, 2021	
Substantive related party	\$ 5,235	\$	4,876
Investors with significant influence over the Group	121		2,330
Total	\$ 5,356	\$	7,206

(g) Other payables

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

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

Maximum balance

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

Closing balance

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

(h) Advance sales receipts

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

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

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

(j) Other related party transactions

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

C. Compensation of key management personnel

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

8. PLEDGED ASSETS

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

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

9. SIGNIFICANT CONTINGENCY LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

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

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

C. Contingency : None.

10. SIGNIFICANT DISASTERS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12. OTHERS:

12.1 Capital risk management

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

12.2 Financial risks on financial instruments

A. Financial risk management policies

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

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

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

B. Significant financial risks and degrees of financial risks

(a) **Market risk**

i. Foreign exchange risk

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

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

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

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

ii. Price risk

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

iii. Interest rate risk

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

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

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

Sensitivity analysis for instruments with fair value interest rate risk

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

Sensitivity analysis for instruments with cash flow interest rate risk

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

(b) **Credit risk**

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

Business - related credit risk

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

Financial credit risk

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

i. Credit concentration risk

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

ii. Measurement of expected credit loss

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

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

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

iv. Credit risk of financial assets measured at amortized cost

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

(c) Liquidity risk

i. Liquidity risk management

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

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

ii. Maturity analysis for financial liabilities

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

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

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

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

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

12.3 Categories of financial instruments

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

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

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

12.4 Fair value information of financial instruments

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

13. SUPPLEMENTARY DISCLOSURES

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

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

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

14. SEGMENT INFORMATION

14.1 General information

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

14.2 Measurement basis

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

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

14.3 Segment information

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

14.4 Reconciliation for segment income (loss)

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

14.5 Information on product and service

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

14.6 Information on geographic area

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

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

14.7 Major customer information

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

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

TABLE 1

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

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

(Continued)

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

TABLE 1

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

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

(Continued)

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

TABLE 1

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

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

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

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

Note 2 : Nature for Financing as follows :

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

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

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

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

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS / GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 2

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

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

Note 1 : The Company is '○'.

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

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

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

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

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

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

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

TABLE 3

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

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

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

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

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

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

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

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

TABLE 4

Amounts in Thousands of New Taiwan Dollars

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

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

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

TABLE 5

Amounts in Thousands of New Taiwan Dollars

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

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

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

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

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

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

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

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

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

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

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

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

(Continued)

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

TABLE 6

Amounts in Thousands of New Taiwan Dollars

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

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

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

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

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

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

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

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIESINTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

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

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

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

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

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

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

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

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

TABLE 7 Amounts in Thousands of New Taiwan Dollars

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

(Continued)

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

TABLE 7

Amounts in Thousands of New Taiwan Dollars

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

(Continued)

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

(Continued)

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

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

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

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

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

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

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

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

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

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

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

Note 12: 9141 Arrow Route, Rancho Cucamonga, CA

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

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

Note 15: 275 Industrial DR, Pontotoc, MS

Note 16: 9141 Arrow Route, Rancho Cucamonga, CA

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

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

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

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

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

TABLE 8

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

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

(Continued)

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

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

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

(Continued)

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

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

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

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

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

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

Note 5 : According to the "Principles for Reviewing Investment or Technical Cooperation in the Mainland Area", investors who remit dividends or profits from mainland investment enterprises back to Taiwan shall deduct their accumulated investment amount. As of December 31, 2022, the accumulated amount of investment remitted out was \$160,560 thousand; the accumulated profit remitted back from the mainland was \$162,854 thousand.

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

TABLE 9

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

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

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

TABLE 10

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

Amounts in Thousands of New Taiwan Dollars

2022

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

(Continued)

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

Amounts in Thousands of New Taiwan Dollars

2021

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' 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. 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 parent company only financial statements for the year ended December 31, 2022. 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, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2022 are stated as follows:

1. Recognition of gain on land expropriation and compensation agreement of the PRC subsidiary

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

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

2. Impairment assessment of property, plant and equipment

As of December 31, 2022, the Company's property, plant and equipment were \$1,409,552 thousand, representing 27% of the total assets. The management regularly reviewed whether there were any indications of impairment on property, plant and equipment under the regulations of IAS 36 impairment of assets. Assessing the impairment loss of non-financial assets needs through forecasting and discounting future cash flow to estimate recoverable amounts. The process is, in essence, significant uncertainty. Therefore, we identified it as a key matter for auditing these parent company only financial statements.

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

3. Impairment of accounts receivable

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

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

4. Valuation of allowance to reduce inventory to market

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

Our main audit procedures include assessing the Company's provision of inventories based on the nature of inventories; inspecting the accuracy of inventories aging schedule by selected samples; assessing the reasonableness of the rate for loss market price decline and obsolete and slow-moving inventories and the Company management's assumptions; inspecting the correctness of the Company's previous inventories allowance and comparison with the estimated inventories allowance in the current period to assess the appropriateness of the estimated methods and assumptions for the current period; and assessing the appropriateness of the management's disclosure about the allowance to reduce inventory to market.

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 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 its operations, or has no realistic alternative but to do so.

Those charged with governance, including members of the Audit Committee are responsible for overseeing the 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



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

March 24, 2023

Notice to Readers

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

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

SHINIH ENTERPRISE CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	NOTES	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$ 233,237	4	\$ 120,538	3
Notes receivable, net	6(2)	10,639	-	12,597	-
Accounts receivable, net	6(3)	34,268	1	49,436	1
Accounts receivable, net - related parties	7	2,089	-	9,677	-
Other receivables, net	6(4)	2,936	-	1,741	-
Other receivables, net - related parties	7	27,099	1	33,044	1
Current tax assets	6(25)	12,376	-	13,805	-
Inventories	6(5)	108,293	2	81,975	2
Prepayments		15,958	-	17,117	-
Other financial assets - current	6(1)	144,158	3	-	-
Total current assets		591,053	11	339,930	7
NONCURRENT ASSETS					
Investments accounted for using equity method	6(6)	2,816,176	54	2,503,552	53
Property, plant and equipment	6(7) 、 8	1,409,552	27	1,343,909	28
Right-of-use assets	6(8)	9,215	-	9,829	-
Investment properties	6(9) 、 8	254,904	5	257,430	5
Intangible assets	6(10)	7,757	-	7,845	-
Deferred income tax assets	6(25)	79,964	2	84,792	2
Other financial assets - non-current	6(1)	76,954	1	189,331	5
Other non-current assets		16,310	-	23,150	-
Total non-current assets		4,670,832	89	4,419,838	93
TOTAL ASSETS		\$ 5,261,885	100	\$ 4,759,768	100
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Short-term loans	6(11)	\$ 450,687	9	\$ 261,377	6
Contract liabilities - current	6(20)	7,327	-	5,621	-
Notes payable		11,844	-	29,928	1
Accounts payable		8,297	-	12,213	-
Accounts payable - related parties	7	6,155	-	5,338	-
Other payables	6(12)	85,432	2	90,704	2
Other payables - related parties	7	6,025	-	2,438	-
Current income tax liabilities	6(25)	16,262	-	451	-
Lease liabilities - current	6(8) 、 7	570	-	563	-
Long-term liabilities-current portion	6(13)	166,250	4	132,917	3
Other current liabilities		21,296	-	6,630	-
Total current liabilities		780,145	15	548,180	12
NONCURRENT LIABILITIES					
Long-term loans	6(13)	973,750	19	907,083	19
Deferred income tax liabilities - noncurrent	6(25)	81,493	1	75,949	2
Lease liabilities - non-current	6(8) 、 7	8,884	-	9,455	-
Net defined benefit liability - noncurrent	6(14)	884	-	3,769	-
Guarantee deposits received		4,954	-	4,940	-
Total non-current liabilities		1,069,965	20	1,001,196	21
Total liabilities		1,850,110	35	1,549,376	33
EQUITIES					
Capital - common stocks	6(15)	1,091,071	21	1,091,071	23
Capital surplus	6(16)	230,774	4	230,774	5
Retained earnings	6(17)				
Legal capital reserve		372,632	7	321,311	7
Special capital reserve		148,961	3	115,929	2
Unappropriated earnings		1,598,582	30	1,562,593	33
Others	6(18)	44,643	1	(42,838)	(1)
Treasury stock	6(19)	(74,888)	(1)	(68,448)	(2)
Total equity		3,411,775	65	3,210,392	67
TOTAL LIABILITIES AND EQUITIES		\$ 5,261,885	100	\$ 4,759,768	100

The accompanying notes are an integral part of the parent company only financial statements.

SHINIH ENTERPRISE CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earning Per Share)

	NOTES	2022		2021	
		Amount	%	Amount	%
REVENUE	6(20) · 7	\$ 443,926	100	\$ 406,656	100
COST OF REVENUE	6(5) · 21)	(318,963)	(72)	(326,236)	(80)
GROSS PROFIT		124,963	28	80,420	20
Unrealized gross profit/(loss) on sales		(382)	-	(611)	-
Realized gross profit/(loss) on sales		611	-	-	-
GROSS PROFIT		125,192	28	79,809	20
OPERATING EXPENSES	6(21) · 7				
Marketing		(51,421)	(12)	(51,099)	(13)
General and administrative		(102,663)	(23)	(101,970)	(25)
Research and development		(75,421)	(17)	(54,538)	(13)
Expected credit loss	6(3) · 4)	(538)	-	-	-
Total operating expenses		(230,043)	(52)	(207,607)	(51)
OPERATING LOSS		(104,851)	(24)	(127,798)	(31)
NON-OPERATING INCOME AND EXPENSES					
Interest income		4,915	1	391	-
Other income	6(22)	40,260	9	26,318	6
Other gains and losses	6(23)	(10,158)	(2)	(21,129)	(5)
Finance costs	6(24)	(14,439)	(3)	(7,218)	(2)
Share of profit or loss of subsidiaries accounted for using equity method		315,394	71	650,954	160
Total non-operating income and expenses		335,972	76	649,316	159
INCOME BEFORE INCOME TAX		231,121	52	521,518	128
INCOME TAX EXPENSE	6(25)	(6,721)	(2)	(8,294)	(2)
NET INCOME		224,400	50	513,224	126
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plans	6(14) · 26)	1,725	-	(1,489)	-
Remeasurements of defined benefit plans of the subsidiary accounted for using equity method	6(26)	186	-	1,180	-
Income tax benefit (expense) related to items that will not be reclassified	6(25) · 26)	(345)	-	298	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	6(18) · 26)	109,351	25	(41,290)	(10)
Income tax benefit related to items that may be reclassified	6(18) · 25) · 26)	(21,870)	(5)	8,258	2
Other comprehensive income (loss) for the current period		89,047	20	(33,043)	(8)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE CURRENT PERIOD		\$ 313,447	70	\$ 480,181	118
EARNINGS PER SHARE (IN DOLLARS)	6(27)				
Basic earnings per share		\$ 2.12		\$ 4.71	
Diluted earnings per share		\$ 2.11		\$ 4.68	

The accompanying notes are an integral part of the parent company only financial statements.

SHINIH ENTERPRISE CO., LTD.

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

	Capital Surplus			Retained Earnings			Others		Total Equity
	Capital - Common Stocks	Additional Paid-in Capital Arising From Bond Conversion	Others	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Treasury Stock	
BALANCE, JANUARY 1, 2021	\$ 1,091,071	213,926	16,848	313,708	106,123	1,110,432	(9,806)	-	2,842,302
Appropriations of prior year's earnings									
Legal capital reserve	-	-	-	7,603	-	(7,603)	-	-	-
Special capital reserve	-	-	-	-	9,806	(9,806)	-	-	-
Cash dividends to shareholders - NT\$0.4 per share	-	-	-	-	-	(43,643)	-	-	(43,643)
Net income in 2021	-	-	-	-	-	513,224	-	-	513,224
Other comprehensive income (loss) in 2021	-	-	-	-	-	(11)	(33,032)	-	(33,043)
Purchase of treasury stock	-	-	-	-	-	-	-	(68,448)	(68,448)
BALANCE, DECEMBER 31, 2021	1,091,071	213,926	16,848	321,311	115,929	1,562,593	(42,838)	(68,448)	3,210,392
Appropriations of prior year's earnings									
Legal capital reserve	-	-	-	51,321	-	(51,321)	-	-	-
Special capital reserve	-	-	-	-	33,032	(33,032)	-	-	-
Cash dividends to shareholders - NT\$1 per share	-	-	-	-	-	(105,603)	-	-	(105,603)
Net income in 2022	-	-	-	-	-	224,400	-	-	224,400
Other comprehensive income (loss) in 2022	-	-	-	-	-	1,566	87,481	-	89,047
Purchase of treasury stock	-	-	-	-	-	-	-	(13,580)	(13,580)
Treasury stock sold to employees	-	-	-	-	-	(21)	-	7,140	7,119
BALANCE, DECEMBER 31, 2022	\$ 1,091,071	\$ 213,926	\$ 16,848	\$ 372,632	\$ 148,961	\$ 1,598,582	\$ 44,643	\$ (74,888)	\$ 3,411,775

The accompanying notes are an integral part of the parent company only financial statements.

SHINIH ENTERPRISE CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 231,121	\$ 521,518
Adjustments to reconcile profit (loss)		
Depreciation	76,150	56,568
Amortization	1,132	1,318
Interest expense	14,439	7,218
Interest income	(4,915)	(391)
Net investment income or loss accounted for using equity method	(315,394)	(650,954)
Unrealized loss from sales	(850)	(680)
Net gain or loss on disposals of property, plant and equipment	(274)	260
Impairment loss on non-financial assets	49,966	13,843
Net changes in operating assets and liabilities		
Notes receivable	1,958	(2,243)
Accounts receivable	22,756	654
Inventories	(26,318)	6,907
Other receivables	6,014	27,233
Prepayments	1,159	(8,736)
Contract liabilities	1,706	3,710
Notes payable	(18,084)	15,207
Accounts payable	(3,099)	(12,163)
Other payables	(8,921)	14,892
Other current liabilities	14,666	558
Net defined benefit liability	(1,160)	(597)
Cash provided from operations	42,052	(5,878)
Interest received	3,651	447
Dividends received	113,158	290,882
Interest paid	(13,908)	(7,031)
Income taxes paid	(1,324)	(23,234)
Net cash provided by operating activities	143,629	255,186
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(181,918)	(91,269)
Acquisition of investment property	-	(1,125)
Acquisition of intangible assets	(1,044)	-
Proceeds from disposal of Property, plant and equipment	279	-
Increase in refundable deposits	(39)	-
Prepayments - decrease in noncurrent	6,877	-
Increase in other financial assets	(31,781)	(103,891)
Decrease in other noncurrent assets	-	4,388
Net cash used in investing activities	(207,626)	(191,897)

(Continued)

SHINIH ENTERPRISE CO., LTD.

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

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	\$ 189,309	\$ (129,931)
Proceeds from long-term loans	100,000	290,000
Repayment of long-term loans	-	(50,000)
Repayments of the principal portion of lease liabilities	(563)	(554)
Guarantee deposit received	14	-
Payments to acquire treasury stock	(13,580)	(68,448)
Treasury stock sold to employees	7,119	-
Cash dividends paid	(105,603)	(43,643)
Net cash provided by (used in) financing activities	<u>176,696</u>	<u>(2,576)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	112,699	60,713
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	120,538	59,825
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 233,237</u>	<u>\$ 120,538</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

SHINIH ENTERPRISE CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. GENERAL INFORMATION

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

The Company's shares have been traded on the Taiwan Stock Exchange ("TWSE") since August 26, 2002.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS

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

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

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

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

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

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

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note A)
Note D: These amendments apply to business combinations whose acquisition date occur during the annual reporting periods beginning on or after January 1, 2022.	
Note E: An entity shall apply the Amendment to IFRS 9 to financial liabilities that are modified or exchanged during the annual reporting periods beginning on or after January 1, 2022. An entity shall apply the Amendment to IAS 41 to fair value measurements for annual reporting periods beginning on or after January 1, 2022. An entity shall apply the Amendment to IFRS 1 for annual reporting periods beginning on or after January 1, 2022.	
(1) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use” The amendments set out that proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for them to be capable of operating in the manner intended by management shall not be recognized as a deduction of the asset. Instead, the proceeds from selling such items and the costs of those items, measured in accordance with IAS 2, shall be recognized in profit or loss in accordance with applicable IFRS Standards. Additionally, the amendments clarify that costs of testing whether the asset is functioning properly. The costs of assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.	
(2) Amendments to IAS 37 “Onerous Contracts — Cost of Fulfilling a Contract” The amendments set out that, when determining whether a contract is onerous, the cost of fulfilling a contract comprises (a) the incremental costs of fulfilling that contract – for example, direct labor and materials; and (b) an allocation of other costs that relate directly to fulfilling contracts – for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others.	
(3) Amendments to IFRS 3 “Reference to the Conceptual Framework” The amendments update a reference to the Framework in IFRS 3 and require the acquirer shall apply IFRIC 21 for a levy that would be within the scope of IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.	
(4) Annual Improvement to IFRS Standards 2018-2020 The annual improvement amends several Standards. Among which, the Amendment to IFRS 9 clarifies that, in determining whether an exchange or modification of the terms of a financial liability is substantially different from those of the original liability, only fees paid net of fees received between the Company (the borrower) and the lender for the new or modified contract, including fees paid or received by either the Company or the lender on the other’s behalf, shall be included in the ‘10 per cent’ test of the discounted present value of the cash flows under the new terms.	

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

New standards, interpretations and amendments issued by the IASB but not yet endorsed by the FSC are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced 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 IRFS 17	January 1, 2023
Amendments to IRFS 17 "Initial Application of IFRS 17 and IFRS 9-Comparative Information	January 1, 2023
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies are used in the preparation of the parent company only financial statements. These policies have been consistently applied to all the periods

presented, unless otherwise stated.

4.1 Statement of Compliance

The parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.2 Basis of Preparation

- A. Except for the financial assets and liabilities at fair value through profit or loss (including derivative financial instruments), the parent company only financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.
- B. When preparing the parent company only financial statements, the Company accounts for subsidiaries by using the equity method. In order to align with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and share of other comprehensive income of subsidiaries in the parent company only financial statements.
- C. The preparation of financial statements in conformity with IFRSs endorsed by the FSC requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

4.3 Foreign Currencies

- A. Items included in the parent company only financial statements are measured using the functional currency of the Company. The financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.
- B. In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Exchange differences arising in the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising in the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in

which case, the exchange difference are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rate at the date of the transaction and are not retranslated.

- C. When preparing the parent company only financial statements, the assets and liabilities of the Company's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.
- D. On disposal of a foreign operation that result in a loss of control, joint control, or significant influence, all related to that foreign operation could attributed to equity of the Company's owners that will be reclassified as profit or loss.
- E. On partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other equity is re-attributed to the non-controlling interests in that subsidiary. On any other partial disposal of a foreign operation, being the Company's ownership interest is reduced from an associate or a jointly controlled entity, that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other equity is reclassified to profit or loss.

4.4 Classification of Current and Noncurrent Assets and Liabilities

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

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

- B. Liabilities that meet one of the following criteria are classified as current liabilities:
 - (a) Liabilities that are expected to be paid off within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be within twelve months from the end of reporting period, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to

more than twelve months after the end of reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

4.5 Cash and cash equivalents

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

4.6 Financial Instruments

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

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

A. Financial assets

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

(a) Measurement categories

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

i. Financial assets at amortized cost

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

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

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

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

- (i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- (ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

(b) Impairment of financial assets

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

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

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

(c) Derecognition of financial assets

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

- i. The contractual rights to receive cash flows from the financial asset expired.
- ii. The contractual rights to receive cash flows from the financial asset which have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

iii. The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

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

B. Equity instruments

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

C. Financial liabilities

(a) Subsequent measurement

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

(b) Derecognition of financial liabilities

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

(c) Modification of Financial Instruments

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

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

4.7 Inventories

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

4.8 Investments Accounted for Using the Equity Method

- A. A subsidiary is an entity that is controlled by the Company (including structured entity). 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. Unrealized gains and losses on transactions between the Company and subsidiaries have been eliminated proportionately to the subsidiaries' interests. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies applied by the Company.
- C. The Company's share of subsidiaries' profit or loss is recognized in the Company's statement of comprehensive income, and its share of subsidiaries' other comprehensive income is recognized in the Company's other comprehensive income. When the Company's share of losses in a subsidiary equals to or exceeds its interest in the subsidiary, the Company shall recognize the loss proportional to its shares.
- D. Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the adjustment amount of non-controlling interests 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 as a financial asset or the cost on initial recognition of an associate or a joint venture. Any difference between the fair value and the 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 will 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.

4.9 Property, Plant and Equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized, for property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.
- B. Subsequent costs are included in the carrying amount of asset 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. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The residual values of assets, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the residual values of assets and useful lives differ from previous estimates or the patterns of consumption of the future economic benefits of assets embodied in the assets which have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

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

Land improvements	5 years
Buildings	3~35 years
Machinery	3~15 years
Other equipment	2 ~ 5 years

- D. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any

gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.10 Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

A. The Company as lessee

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

Right-of-use assets

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

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If the lease transfers ownership of the underlying assets to the Company by the end of the lease terms or if the cost of right-of-use assets reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If there is a change in the assessment of an option to purchase the underlying asset, amounts expected to be payable by the lessee under residual value guarantees or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company shall remeasure the lease liabilities with a corresponding

adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognize in profit or loss any gain or loss relating to the partial or full termination of the lease and (b) making a corresponding adjustment to the right-of-use asset for all other lease modifications. Lease liabilities are presented separately in the balance sheets. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

B. The Company as lessor

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

When a lease includes both land and buildings elements, the Company assesses the classification of each element as a finance lease or an operating lease separately allocating lease payments (including any lump-sum upfront payments) between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease at the inception date. If the lease payments cannot be allocated reliably between these two elements, the entire lease is classified as an operating lease.

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

4.11 Investment Property

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

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

Investment property that is being constructed or developed is measured at cost less accumulated impairment loss. The cost of an investment property includes professional fees, borrowing costs eligible for capitalization. The properties shall start to depreciate as they achieve their expected condition for providing services.

Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognized in profit or loss.

4.12 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the following estimated lives: trademarks and patents - the patent term or the contract term; computer software 1 to 3 years. The estimated useful life and amortization method are reviewed at each financial year-end, with the effect of any changes in estimate being accounted for on a prospective basis.

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

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

4.13 Impairment of non-financial assets

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

4.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures

expected to be required to settle the obligation on the balance sheet date. If the provisions are measured at the estimated cash flow to settle the obligation, its carrying amounts are those present value of the cash flow.

4.15 Employee Benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employee will receive on retirement for their services with the Company in current or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is estimated annually by independent actuaries using the projected unit credit method. The discount rate used is determined by using the market yields (at the end of the reporting period) on government bonds denominated in the currency in which the benefits are to be paid. The currency and term of the government bonds are consistent with the currency and estimated term of the obligation.
- ii. Remeasurement arising on defined benefit plans is recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Employees' compensation and directors' remuneration

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

4.16 Capital Stock and Treasury Stock

A. Capital stock

Common stock is classified as equity. Incremental costs directly attributable to the issue

of new shares or stock options are recognized in equity as a deduction from the proceeds.

B. Treasury stock

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

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

4.17 Income Tax

- A. The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity, respectively.
- B. The current income tax charge 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 calculated in accordance with Income Tax Act of the Republic of China is levied on the unappropriated retained earnings and is recorded as income tax expense in the subsequent year when the stockholders approve to distribute retain earnings.
- C. Deferred income tax is recognized, using the balance sheet 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. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the

reversal of the temporary difference is controlled by the Company 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 end of the financial reporting period and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

- D. Deferred income tax assets are recognized only to the extent, unused tax losses and unused tax credits that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of each reporting period, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

4.18 Revenue Recognition

The Company recognizes revenue based on the principle of revenue from customer contracts by applying the following steps:

- (a) Identifying the contract;
- (b) Identifying performance obligations;
- (c) Determine the transaction price;
- (d) Allocate the transaction price to performance obligation; and
- (e) Recognize revenue when a performance obligation is satisfied.

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

A. Revenue from sale of goods

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

The Company does not recognize sales revenue on materials delivered to processing subcontractors due to the delivery does not transfer control of materials.

B. Service Revenue

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

4.19 Government Grants

Government grants are recognized at their fair value only when there is reasonable assurance that the 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 as expenses the related costs for which the grants are intended to compensate. Government grants related to noncurrent assets are recognized as noncurrent liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

4.20 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than the stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.21 Share-based payment transactions

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

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

In the preparation of these parent company only financial statements, the critical accounting judgments the Company has made, and the major sources of estimation and assumption uncertainty are described as follows:

5.1 Critical judgments in applying accounting policies

A. Investment property

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

B. Lease terms

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

5.2 Critical accounting estimation and assumption

A. Estimated impairment of financial assets

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

B. Realizability of deferred income tax assets

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

C. Evaluation of inventories

As inventories are stated at the lower of cost or net realizable value, and the Company uses judgements and actuarial assumptions to determine the net realizable value of inventory at the end of each reporting period. The Company needs to exercise judgments and estimates the net realizable value of inventory for obsolescence and unmarketable

items at the end of reporting period, and then writes down the cost of inventories to net realizable value. Such an evaluation of inventories is mainly based on the demand for the products within a specified period in the future. Therefore, there might be material changes to the evaluation.

D. Calculation of accrued pension obligations

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

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

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

F. Impairment assessment of tangible and intangible assets

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

G. The lessee's incremental borrowing rate

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

6.1 CASH AND CASH EQUIVALENTS

Items	December 31, 2022	December 31, 2021
Cash on hand and petty cash	\$ 330	\$ 338
Checking accounts and demand deposits	110,067	41,834
Cash equivalents		
Time deposits with original maturity period within three months	122,840	78,366
Total	\$ 233,237	\$ 120,538

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

(2) The Company inward remittance of \$8,000 thousand in accordance with the Regulations

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

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

6.2 NOTES RECEIVABLE

Items	December 31, 2022	December 31, 2021
Gross carrying amount at amortized cost	\$ 10,639	\$ 12,597
Notes receivable, net	<u>\$ 10,639</u>	<u>\$ 12,597</u>

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

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

6.3 ACCOUNTS RECEIVABLE - NON-RELATED PARTIES

Items	December 31, 2022	December 31, 2021
Gross carrying amount at amortized cost	\$ 35,549	\$ 50,206
Less: loss allowance	<u>(1,281)</u>	<u>(770)</u>
Accounts receivable, net	<u>\$ 34,268</u>	<u>\$ 49,436</u>

(1) The average credit period of sales of goods ranges from 30 to 90 days, which is determined by reference to the credit granting policy based on the counterparties' industrial characteristics, operation scales and profitability.

(2) The Company has no accounts receivable pledged to others.

(3) The Company applies the simplified approach to providing expected credit losses prescribed under IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses are estimated using an allowance matrix with reference to past default experiences of the debtor, an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Company's historical credit loss experience does not show

significantly different loss patterns for different customer segments, the following provision matrix for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

- (4) The following table detailed the loss allowance of notes and accounts receivable based on the Company's provision matrix (include related parties):

December 31, 2022

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 44,134	\$ -	\$ 44,134
Past due 1-90 days	1,981	-	1,981
Past due 91-180 days	842	-	842
Past due 181-360 days	246	(207)	39
Past due over 361 days	1,074	(1,074)	-
Total	\$ 48,277	\$ (1,281)	\$ 46,996

December 31, 2021

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 67,810	\$ -	\$ 67,810
Past due 1-90 days	3,857	-	3,857
Past due 91-180 days	4	-	4
Past due over 361 days	809	(770)	39
Total	\$ 72,480	\$ (770)	\$ 71,710

- (5) Movements of the loss allowance for notes and accounts receivable (including related parties') were as follows:

Items	2022	2021
Balance, January 1	\$ 770	\$ 770
Add : Provision for- impairment	538	-
Less: Write-offs	(27)	-
Balance, December 31	\$ 1,281	\$ 770

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

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

6.4 OTHER RECEIVABLES, NET - NON-RELATED PARTIES

Items	2022	2021
Gross carrying amount at amortized cost	\$ 3,073	\$ 1,878
Less: Loss allowance	(137)	(137)
Other receivables, net	<u>\$ 2,936</u>	<u>\$ 1,741</u>

6.5 INVENTORIES AND OPERATING COSTS

Items	December 31, 2022	December 31, 2021
Raw materials	\$ 64,141	\$ 55,581
Work-in-process	2,465	852
Finished goods	41,687	25,542
Total	<u>\$ 108,293</u>	<u>\$ 81,975</u>

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

Items	2022	2021
Loss on decline (gain on reversal) in market value of inventories	\$ 1,888	\$ 15,095
Inventories gain on physical taking	(954)	(1,271)
Loss on inventory disposed	71	765
Unallocated Production overheads	27,657	51,012
Total	<u>\$ 28,662</u>	<u>\$ 65,601</u>

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

6.6 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments accounted for using the equity method consisted of the following:

Items	December 31, 2022	December 31, 2021
Subsidiaries – Investments accounted for using equity method	\$ 2,816,176	\$ 2,503,552
Total	<u>\$ 2,816,176</u>	<u>\$ 2,503,552</u>

Subsidiaries consisted of the following:

Investee companies	December 31, 2022		December 31, 2021	
	Amount	Equity ratio	Amount	Equity ratio
<u>Investments accounted for using equity method</u>				
SHINIH HOLDING CO., LTD.	\$ 2,060,585	100%	\$ 1,788,252	100%
SHINIH VIETNAM COMPANY LTD.	258,486	100%	267,227	100%
SUNBURST INTERNATIONAL LTD.	12,233	100%	6,667	100%
VFT INC.	269,512	100%	206,246	100%
DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	41,844	100%	79,805	100%
KUREHA (THAILAND) CO., LTD.	78,210	50%	68,200	50%
SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.(NOTE 1)	18,241	11%	14,190	11%
TAIWAN KUREHA CO., LTD.	27,208	84.62%	35,309	84.62%
INTERBOND CO., LTD.	1,324	100%	1,430	100%
SHINIH USA INC.	48,533	100%	36,226	100%
Total	<u>\$ 2,816,176</u>		<u>\$ 2,503,552</u>	

NOTE 1: The consolidated shareholding of the Company and subsidiary SHINIH HOLDING CO., LTD. (please refer to Table 8 for relevant information) is 100%.

- (1) For the information of the subsidiaries of the Company, please refer to Note 4.3 of 2022 consolidated financial statements.
- (2) The shares of profit or loss and other comprehensive profit and loss of the subsidiaries under equity method for the years ended 2022 and 2021 are recognized according to the audited financial statements for the same periods.
- (3) The Company invested Taixin Fiber Products (Suzhou) Co., Ltd. through SHINIH HOLDING CO., LTD. to enter into the land expropriation and compensation agreement with Taichang Municipal People's Government in November 2022. The agreement includes the compensations for collecting the immovable items such as the land use rights, buildings, and equipment, cessation of production and business, termination of labor contracts and related relocation expenses. As of December 31, 2022, Taixin Fiber Products (Suzhou) Co., Ltd. had completed the relevant agreement. Please refer to Note 6.26 of the consolidated financial statements for the relevant information.
- (4) The Company invested Hangzhou Shinih Fiber Products Co., Ltd. through SHINIH HOLDING CO., LTD. to enter into the land expropriation agreement with Xiaoshan Economic and Technological Development Zone Management Committee in July 2021. The agreement includes the compensations for collecting the immovable items such as the land use rights, buildings, and equipment, cessation of production and business, termination of labor contracts and related relocation expenses. As of December 31, 2022, Hangzhou Shinih Fiber Products Co., Ltd. had completed the relevant agreement. Please

refer to Note 6.26 of the consolidated financial statement for the relevant information.

6.7 PROPERTY, PLANT AND EQUIPMENT

Items	December 31, 2022	December 31, 2021
Land	\$ 438,525	\$ 438,525
Land improvements	6,931	12,670
Buildings	204,231	199,245
Machinery	668,229	409,956
Other equipment	53,019	49,075
Equipment to be inspected and construction in progress	520,419	600,894
Total cost	1,891,354	1,710,365
Less: Accumulated depreciation and impairment	(481,802)	(366,456)
Total	\$ 1,409,552	\$ 1,343,909

	Land	Land improvements	Buildings	Machinery	Other equipment	Equipment to be inspected and construction in progress	Total
<u>Cost</u>							
Balance, January 1, 2022	\$ 438,525	\$ 12,670	\$ 199,245	\$ 409,956	\$ 49,075	\$ 600,894	\$ 1,710,365
Additions	-	-	851	7,152	2,033	178,588	188,624
Disposals	-	(5,739)	-	(1,109)	(24)	-	(6,872)
Reclassification (Note)	-	-	4,135	252,230	1,935	(259,063)	(763)
Balance, December 31, 2022	\$ 438,525	\$ 6,931	\$ 204,231	\$ 668,229	\$ 53,019	\$ 520,419	\$ 1,891,354
<u>Accumulated depreciation and impairment</u>							
Balance, January 1, 2022	\$ -	\$ 7,649	\$ 90,456	\$ 230,921	\$ 37,430	\$ -	\$ 366,456
Depreciation expense	-	1,279	7,598	60,227	3,143	-	72,247
Disposals	-	(5,739)	-	(1,104)	(24)	-	(6,867)
Impairment loss	-	-	-	49,966	-	-	49,966
Balance, December 31, 2022	\$ -	\$ 3,189	\$ 98,054	\$ 340,010	\$ 40,549	\$ -	\$ 481,802

	Land	Land improvements	Buildings	Machinery	Other equipment	Equipment to be inspected and construction in progress	Total
<u>Cost</u>							
Balance, January 1, 2021	\$ 438,525	\$ 9,630	\$ 198,496	\$ 380,314	\$ 46,472	\$ 578,031	\$ 1,651,468
Additions	-	1,271	457	11,380	620	75,262	88,990

	Land	Land improvements	Buildings	Machinery	Other equipment	Equipment to be inspected and construction in progress	Total
Disposals	\$ -	\$ -	\$ -	\$ (2,693)	\$ (147)	\$ -	\$ (2,840)
Reclassification (Note)	-	1,769	292	20,955	2,130	(52,399)	(27,253)
Balance, December 31, 2021	<u>\$ 438,525</u>	<u>\$ 12,670</u>	<u>\$ 199,245</u>	<u>\$ 409,956</u>	<u>\$ 49,075</u>	<u>\$ 600,894</u>	<u>\$ 1,710,365</u>
Accumulated depreciation and impairment							
Balance, January 1, 2021	\$ -	\$ 6,582	\$ 80,421	\$ 181,448	\$ 34,289	\$ -	\$ 302,740
Depreciation expense	-	1,067	10,035	38,064	3,287	-	52,453
Disposals	-	-	-	(2,434)	(146)	-	(2,580)
Impairment loss	-	-	-	13,843	-	-	13,843
Balance, December 31, 2021	<u>\$ -</u>	<u>\$ 7,649</u>	<u>\$ 90,456</u>	<u>\$ 230,921</u>	<u>\$ 37,430</u>	<u>\$ -</u>	<u>\$ 366,456</u>

Note : It is reclassified to transfer to the investment property of \$763 thousand in 2022. It is reclassified to transfer to prepayments for business facilities of \$27,253 thousand.

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

Items	2022	2021
Additions to the property, plant and equipment	\$ 188,624	\$ 88,990
(Increase) decrease in payables to contractor and equipment suppliers	(6,706)	2,279
Payments for acquisition of property, plant and equipment	<u>\$ 181,918</u>	<u>\$ 91,269</u>

(2) Please refer to Note 6.24 for information on capitalization of interest.

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

6.8 LEASE AGREEMENT

(1) Right-of-use assets

Items	December 31, 2022	December 31, 2021
Buildings	\$ 11,672	\$ 11,672
Total cost	11,672	11,672
Less: Accumulated depreciation and impairment	(2,457)	(1,843)
Total	<u>\$ 9,215</u>	<u>\$ 9,829</u>
	Buildings	Total
Cost		
Balance, January 1, 2022	\$ 11,672	\$ 11,672

	Buildings	Total
Balance, December 31, 2022	\$ 11,672	\$ 11,672
Accumulated depreciation and impairment		
Balance, January 1, 2022	\$ 1,843	\$ 1,843
Depreciation expense	614	614
Balance, December 31, 2022	\$ 2,457	\$ 2,457

	Buildings	Total
Cost		
Balance, January 1, 2021	\$ 11,672	\$ 11,672
Balance, December 31, 2021	\$ 11,672	\$ 11,672
Accumulated depreciation and impairment		
Balance, January 1, 2021	\$ 1,228	\$ 1,228
Depreciation expense	615	615
Balance, December 31, 2021	\$ 1,843	\$ 1,843

(2) Lease liabilities

Items	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	\$ 570	\$ 563
Noncurrent	\$ 8,884	\$ 9,455

Range of discounts rate for lease liabilities is as follow:

	December 31, 2022	December 31, 2021
Buildings	1.40%	1.40%

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

(3) Other lease information

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

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

Items	2022	2021
Expenses relating to short-term leases	\$ 298	\$ 217
Total cash outflow for leases	\$ 998	\$ 916

6.9 INVESTMENT PROPERTY

Items	December 31, 2022	December 31, 2021
Land	\$ 230,165	\$ 230,165
Buildings	166,126	165,363
Total cost	396,291	395,528
Less: Accumulated depreciation	(141,387)	(138,098)
Investment property, net	\$ 254,904	\$ 257,430

	Land	Buildings	Total
Cost			
Balance, January 1, 2022	\$ 230,165	\$ 165,363	\$ 395,528
Additions	-	763	763
Balance, December 31, 2022	\$ 230,165	\$ 166,126	\$ 396,291
Accumulated depreciation and impairment			
Balance, January 1, 2022	\$ -	\$ 138,098	\$ 138,098
Depreciation expense	-	3,289	3,289
Balance, December 31, 2022	\$ -	\$ 141,387	\$ 141,387

	Land	Buildings	Total
<u>Cost</u>			
Balance, January 1, 2021	\$ 230,165	\$ 164,238	\$ 394,403
Additions	-	1,125	1,125
Balance, December 31, 2021	<u>\$ 230,165</u>	<u>\$ 165,363</u>	<u>\$ 395,528</u>
<u>Accumulated depreciation and impairment</u>			
Balance, January 1, 2021	\$ -	\$ 134,598	\$ 134,598
Depreciation expense	-	3,500	3,500
Balance, December 31, 2021	<u>\$ -</u>	<u>\$ 138,098</u>	<u>\$ 138,098</u>

A. Rental revenue and direct operating expenses from investment property:

Items	2022	2021
Rental revenue from investment properties	<u>\$ 33,983</u>	<u>\$ 36,771</u>
Direct operating expenses arising from the investment of property that generated rental revenue during the period	\$ 5,803	\$ 6,104
Direct operating expenses arising from the investment properties that did not generate rental revenue during the period	-	474
Total	<u>\$ 5,803</u>	<u>\$ 6,578</u>

B. The Company will receive the total rent from leasing the investment properties under the operating lease agreement as follows:

Items	December 31, 2022	December 31, 2021
Within 1 year	\$ 28,374	\$ 34,923
More than 1 year but less than 5 years	13,169	35,737
More than 5 years	5,751	7,493
Total	<u>\$ 47,294</u>	<u>\$ 78,153</u>

C. The investment properties held by the Company are not measured at fair value, but only disclosed its fair value information. Its fair value hierarchy is Level 3. The fair values of the Company's investment properties were \$1,116,000 thousand and \$1,093,000 thousand

respectively as of December 31, 2022 and 2021. Those fair values were assessed by the Company's management by reference to the transaction prices of similar properties, but did not be assessed by independent valuer.

D. Please refer to Note 8 for investment properties pledged by the Company as a guarantee for loans.

6.10 INTANGIBLE ASSETS

Items	December 31, 2022	December 31, 2021
Computer software	\$ 13,729	\$ 12,685
Other intangible assets – spunbond technology and rights	7,392	7,392
Total costs	21,121	20,077
Less: Accumulated amortization	(13,364)	(12,232)
Total	\$ 7,757	\$ 7,845

	2022		
	Computer software	Other intangible assets–spunbond technology and rights	Total
Cost			
Balance, January 1	\$ 12,685	\$ 7,392	\$ 20,077
Additions	1,044	-	1,044
Balance, December 31	\$ 13,729	\$ 7,392	\$ 21,121
Accumulated amortization and impairment			
Balance, January 1	\$ 12,232	\$ -	\$ 12,232
Amortization expense	1,132	-	1,132
Balance, December 31	\$ 13,364	\$ -	\$ 13,364

	2021		
	Computer software	Other intangible assets–spunbond technology and rights	Total
Cost			
Balance, January 1	\$ 12,685	\$ 7,392	\$ 20,077
Balance, December 31	<u>\$ 12,685</u>	<u>\$ 7,392</u>	<u>\$ 20,077</u>
Accumulated amortization and impairment			
Balance, January 1	\$ 10,914	\$ –	\$ 10,914
Amortization expense	1,318	–	1,318
Balance, December 31	<u>\$ 12,232</u>	<u>\$ –</u>	<u>\$ 12,232</u>

6.11 SHORT-TERM LOANS

The nature of loans	December 31, 2022	December 31, 2021
Unsecured loans	\$ 330,687	\$ 141,377
Secured loans	<u>120,000</u>	<u>120,000</u>
Total	<u>\$ 450,687</u>	<u>\$ 261,377</u>
Interest rate range	<u>1.50%~6.50%</u>	<u>0.83%~1.06%</u>

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

6.12 OTHER PAYABLES

Items	December 31, 2022	December 31, 2021
Salaries and bonuses payable	\$ 25,565	\$ 25,241
Payable for equipment and construction	19,788	13,082
Compensation payable to employees and directors	9,640	21,733
Others	<u>30,439</u>	<u>30,648</u>
Total	<u>\$ 85,432</u>	<u>\$ 90,704</u>

6.13 LONG-TERM LOANS AND CURRENT PORTION

The nature of loans	December 31, 2022	December 31, 2021
Secured loans	\$ 1,140,000	\$ 1,040,000
Less: Current portion	<u>(166,250)</u>	<u>(132,917)</u>
Total	<u>\$ 973,750</u>	<u>\$ 907,083</u>
Interest rate range	<u>1.65%~2.02%</u>	<u>1.15%~1.40%</u>
Year to maturity	<u>2024~2027</u>	<u>2024~2025</u>

1. The method of repayment for the Company's long-term loans is paid in instalments to Chang Hwa Bank and Bank of Shanghai. The principal amount will be paid in full to KGI Bank at the maturity date.
2. Please refer to Note 8 for the assets pledged by the Company as a guarantee for the abovementioned loans.

6.14 RETIREMENT BENEFIT PLANS

(1) Defined contribution plans

- A. The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. Pursuant to the plan, the Company has made monthly contributions equal to 6% of each employee's salary to employees' pension accounts.
- B. The Company recognized expenses in the parent company only statements of comprehensive income were \$6,140 thousand and \$5,755 thousand under the contributions rates specified in the plans for years ended December 31, 2022 and 2021, respectively.

(2) Defined benefit plans

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

Items	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	\$ 14,052	\$ 16,587
Fair value of plan assets	(13,168)	(12,818)
Net defined benefit liability	<u>\$ 884</u>	<u>\$ 3,769</u>

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

Items	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance, January 1	\$ 16,587	\$ (12,818)	\$ 3,769
Service costs			
Current service cost	46	-	46
Interest expense (revenue)	106	(80)	26
Amounts recognized in profit and loss	<u>152</u>	<u>(80)</u>	<u>72</u>
Remeasurements			
Return on plan assets (Amounts included in interest income or expense are excluded)	-	(1,001)	(1,001)
Actuarial (gains) losses			
Effect of changes in financial assumptions	(840)	-	(840)
Experience adjustments	116	-	116
Amounts recognized in other comprehensive income (losses)	<u>(724)</u>	<u>(1,001)</u>	<u>(1,725)</u>
Pension fund contributions	-	(1,232)	(1,232)
Paid pension	(1,963)	1,963	-
Balance, December 31	<u>\$ 14,052</u>	<u>\$ (13,168)</u>	<u>\$ 884</u>

Items	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance, January 1	\$ 15,342	\$ (12,465)	\$ 2,877
Service costs			
Current service cost	127	-	127
Interest expense(revenue)	50	(40)	10
Amounts recognized in profit and loss	177	(40)	137
Remeasurements			
Return on plan assets (Amounts included in interest income or expense are excluded)	-	(185)	(185)
Actuarial (gains) losses			
Effect of changes in financial assumptions	(575)	-	(575)
Experience adjustments	1,881	-	1,881
Effect of changes in demographic assumptions	368	-	368
Amounts recognized in other comprehensive income (losses)	1,674	(185)	1,489
Pension fund contributions	-	(128)	(128)
Paid pension	(606)	-	(606)
Balance, December 31	\$ 16,587	\$ (12,818)	\$ 3,769

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

Items	2022	2021
Operating costs	\$ 72	\$ 137
Total	\$ 72	\$ 137

Information about fair value of plan assets are as follows:

Item	December 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 13,168	\$ 12,818

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

(a) Investment risk

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

(b) Interest risk

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

(c) Salary risk

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

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

Items	December 31, 2022	December 31, 2021
Discount rate	1.30%	0.69%
Expected salary increase rate	1.50%	1.50%

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

Items	December 31, 2022	December 31, 2021
Discount rate		
Increase 0.5%	\$ (674)	\$ (829)
Decrease 0.5%	703	863
Expected salary increase rate		
Increase 0.5%	674	845
Decrease 0.5%	(632)	(796)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in

assumptions would occur in isolation of one another as some of the assumptions may be correlated.

- F. The Company expects to make a contribution to its defined benefit pension plans next year is \$117 thousand. The weighted average maturity period of the defined benefit obligation is 9.2 years.

6.15 COMMON STOCKS

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

Items	2022	2021
On January 1	106,170	109,107
Purchase of treasury stock	(567)	(2,937)
Subscription of treasury stock by employees	305	-
On December 31	105,908	106,170

6.16 CAPITAL SURPLUS

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

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

unless legal capital reserve is insufficient. The capital surplus from shares of changes in equities and stock options may not be used for any purpose.

6.17 RETAINED EARNINGS AND DIVIDEND POLICY

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

Cash dividends distribute the allocation of the abovementioned dividends as a priority, but it depends on the proportion of cash dividends on the Company's capital expenditure plan. Among these, the aggregate proportion of capitalization of retained earnings and capital surplus transferred to common stock should not exceed 90% of the total dividends for the year.

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

(3) Special capital reserve

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

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

B. The amounts set aside by the Company as \$106,123 thousand of special capital reserve on the initial application of IFRSs in accordance with rule NO.1010012865 issued by the FSC, dated April 6, 2012, are unrealized revaluation reserve transferred to retained

earnings, shall be reversed proportionately to retained earnings when the relevant assets are used, disposed of or reclassified subsequently.

- (4) The appropriations of 2021 and 2020 earnings have been approved by shareholders' meetings held on March 25, 2022 and March 26, 2021, respectively. The appropriations of earnings and dividends per share were as follows:

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

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

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

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

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

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

6.18 OTHER EQUITY

- A. Exchange differences on translation of foreign operations

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

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

6.19 TREASURY STOCK

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

(Unit: Shares in thousand)

Reasons for share repurchase	2022		
	Balance, January 1	Increase (decrease) during the year	Balance, December 31
To be reissued to employees	<u>2,937</u>	<u>262</u>	<u>3,199</u>
Reasons for share repurchase	2021		
	Balance, January 1	Increase (decrease) during the year	Balance, December 31
To be reissued to employees	<u>-</u>	<u>2,937</u>	<u>2,937</u>

- The Company held the Board meeting on November 9, 2021, when the board approved repurchasing the Company's common stock and transfer to employees. It is estimated

to repurchase 5,000 shares. The repurchase terms are from November 10, 2021 to January 9, 2022 with the value ranging from \$15.65 to \$33.05. There are 3,504 thousand treasury stocks during the repurchase period; the average price is \$23.41 for each for \$82,028 thousand. As of December 31, 2022, the Company has transferred 305 thousand shares; the remaining repurchase amount is \$74,888 thousand.

- (2) The Company transferred treasury stock to employees under the Regulation of Transferring the Repurchased Treasury Stock approved by the board on August 9, 2022. The transfer price was the actual repurchased price of \$23.41. The subscription benchmark date was August 9, 2021 and the price per share was \$20.50 on the subscription benchmark date. The fair value of the subscription per share was \$0. As of December 31, 2022, there were 305 thousand shares for transferred shares with fully paid. All of them are transferred.
- (3) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury stock should not exceed 10% of the number of the Company's issued, outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.
- (4) Pursuant to the R.O.C. Securities and Exchange Law, treasury stock should not be pledged as collateral and are not entitled to dividends before they are reissued.
- (5) Pursuant to the R.O.C. Securities and Exchange Law, treasury stock should be reissued to the employees within three years from the repurchase date and shares not reissued within the three-year period are to be retired.

6.20 OPERATING REVENUE

Items	2022	2021
Revenue from contracts with customers		
Sale of goods	\$ 409,943	\$ 369,885
Subtotal	409,943	369,885
Rental revenue		
Rental revenue from property	33,983	36,771
Total	\$ 443,926	\$ 406,656

A. Description of customer contract

The customer contract represents the revenue from selling the nonwoven material and bedding. The target customers are the buyers of the manufactured garments and motor

vehicle parts, and the Company sells at price stipulated in contract. The consideration is classified as short-term receivables, and is therefore measured at invoice price.

B. Disaggregation of revenue from contracts with customers

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

Items	2022		2021	
Major products /Service line				
Nonwoven material	\$	398,096	\$	354,203
Bedding and others		11,847		15,682
Total	\$	409,943	\$	369,885
Timing of revenue recognition				
Performance obligation satisfied at a point in time	\$	409,943	\$	369,885

C. Contract balances

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

Items	December 31, 2022		December 31, 2021	
Contract liabilities - current	\$	7,327	\$	5,621

6.21 PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

By nature	2022			2021		
	Cost of sales	Operating expense	Total	Cost of sales	Operating expense	Total
Employee benefit expenses						
Salary	\$ 64,284	88,512	\$ 152,796	\$ 51,481	\$ 96,354	\$ 147,835
Insurance	7,241	8,540	15,781	6,073	7,930	14,003
Pension	2,228	3,984	6,212	2,075	3,817	5,892
Remuneration to directors	-	3,685	3,685	-	6,718	6,718
Others	2,694	2,496	5,190	2,078	2,201	4,279
Depreciation	35,726	40,424	76,150	33,184	23,384	56,568
Amortization	-	1,132	1,132	-	1,318	1,318
Total	\$ 112,173	\$ 148,773	\$ 260,946	\$ 94,891	\$ 141,722	\$ 236,613

- A. The average number of employees of the Company in 2022 and 2021 were 249 and 246, respectively. Among them, the numbers of non-employee Directors were 4 and 5, respectively. The average employee benefits expenses were \$735 thousand and \$714 thousand for 2022 and 2021, respectively. The average salaries were \$624 thousand and \$613 thousand for 2022 and 2021, respectively. The average salaries in 2022 and 2021 increased by 1.79%. The Company did not have any supervisors in 2022 and 2021, so there was no supervisors' remuneration.
- B. The salary and remuneration policy of the Company
- (a) Directors' remuneration
- According to the Company's Articles of Incorporation, the Company may pay remuneration to directors when they perform their duties for the Company, regardless of the Company's operating profit or loss. The remuneration is authorized by the Board according to their degree of participation and contribution to the Company's operation and the usual level of the same industry. All directors may receive travel expenses according to the actual situation.
- (b) Managers' remuneration
- Managers' remuneration is paid according to the Company's employee salary regulations, and is reviewed by the Remuneration Committee and submitted to the Board for resolution.
- (c) Employees' compensation
- The salary and remuneration of employees include monthly salary, retirement pension, bonus and employee compensation, which are paid according to their duties, contributions, performance and responsibilities.
- C. The profit before tax represents the amount before the Company deducts the employee's and directors' remuneration for the year. The Company is stipulated to distribute compensation of employees at the rate between 1% to 5% of profit before tax, and directors' remuneration at the rate not higher than 3% of profit before tax. If there is a change in the proposed amount after the annual financial statement are authorized for issue, the difference is recorded as a change in accounting estimate and adjusted in the next fiscal year. The number of employee stock compensation shares is calculated based on the closing price of the day before the board resolution date of the following year and taking into account the effects of ex-rights and ex-dividend.
- D. The appropriations of employees' compensation and directors' remuneration for 2021 and 2020 have been approved by the board of directors held on March 25, 2022, and March 26, 2021, respectively. The amount of approved and recognized in financial statement is shown as follows.

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

The aforementioned employees' compensation is distributed in cash.

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

6.22 OTHER INCOME

Items	2022	2021
Service income	\$ 23,134	\$ 14,617
Commission income	7,505	8,806
Government subsidies	20	1,915
Others	9,601	980
Total	\$ 40,260	\$ 26,318

6.23 OTHER GAINS AND LOSSES

Items	2022	2021
Foreign exchange gains (losses), net	\$ 39,539	\$ (7,012)
Gain (loss) on disposal of property, plant and equipment	274	(260)
Impairment loss on property, plant and equipment	(49,966)	(13,843)
Others	(5)	(14)
Total	\$ (10,158)	\$ (21,129)

6.24 FINANCIAL COSTS

Items	2022	2021
Interest expense		
Bank loans	\$ 21,293	\$ 13,762
Interest on lease liabilities	137	145
Less: Capitalized amount for qualified assets	<u>(6,991)</u>	<u>(6,689)</u>
Financial costs	<u>\$ 14,439</u>	<u>\$ 7,218</u>
Interest capitalization rates	<u>1.43%</u>	<u>1.12%</u>

6.25 INCOME TAX

A. Income tax expense

(1) Components of income tax expense

Items	2022	2021
Tax on unappropriated earnings	\$ 16,163	\$ 749
Repatriated offshore funds	-	11,024
Adjustments on prior years	2,401	-
Deferred income tax related to temporary differences and unused loss carryforwards	<u>(11,843)</u>	<u>(3,659)</u>
Income tax expense recognized in profit or loss	<u>\$ 6,721</u>	<u>\$ 8,294</u>

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

Items	2022	2021
Exchange differences on translation of foreign operations	\$ 21,870	\$ (8,258)
Remeasurements of defined benefit plans	<u>345</u>	<u>(298)</u>
Total	<u>\$ 22,215</u>	<u>\$ (8,556)</u>

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

Items	2022	2021
Income before tax	\$ 231,121	\$ 521,518
Income tax expense at the statutory rate	\$ 46,224	\$ 104,304
Tax effect of adjusting items:		
Deductible items in determining taxable income	(46,224)	(104,304)
Repatriated offshore funds	-	11,204
Income tax on unappropriated earnings	16,163	749
Income tax adjustments on prior years	2,401	-
Deferred income tax related to temporary differences	(11,843)	(3,659)
Income tax expense recognized in profit or loss	<u>\$ 6,721</u>	<u>\$ 8,294</u>

The profit-seeking enterprise income tax rate for entities subject to the ROC is 20%, and the tax rate for unappropriated earnings is 5%.

C. Income tax assets and liabilities:

Items	December 31, 2022	December 31, 2021
Income tax assets	\$ 12,376	\$ 13,805
Income tax liabilities	\$ 16,262	\$ 451

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

Items	2022			
	January 1	Recognized in (losses) gains	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Operating carryforward loss	\$ 2,987	\$ (2,987)	\$ -	\$ -
Temporary differences				
Unrealized loss on	5,706	378	-	6,084

Items	2022			
	January 1	Recognized in (losses) gains	Recognized in other comprehensive income	December 31
inventories				
Net defined benefit liability	\$ 1,270	\$ (232)	\$ (345)	\$ 693
Investment income and unrealized profits/losses of subsidiaries	-	11,985	-	11,985
Exchange differences on translation of foreign operations	31,680	-	(21,870)	9,810
Impairment loss	-	9,683	-	9,683
Unrealized profit on debt conversion	40,984	(133)	-	40,851
Others	2,165	(1,307)	-	858
Total	<u>\$ 84,792</u>	<u>\$ 17,387</u>	<u>\$ (22,215)</u>	<u>\$ 79,964</u>
Deferred income tax liabilities				
Provision on land value increment tax	\$ (65,107)	\$ -	\$ -	\$ (65,107)
Unrealized exchange gain	-	(4,542)	-	(4,542)
Investment income and unrealized profits/losses of subsidiaries	(10,842)	(1,002)	-	(11,844)
Total	<u>\$ (75,949)</u>	<u>\$ (5,544)</u>	<u>\$ -</u>	<u>\$ (81,493)</u>

Items	2021			
	January 1	Recognized in (losses) gains	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Operating carryforward loss	\$ 4,488	\$ (1,501)	\$ -	\$ 2,987
Temporary differences				
Unrealized loss on inventories	2,687	3,019	-	5,706
Net defined benefit liability	974	(2)	298	1,270

Items	2021			
	January 1	Recognized in (losses) gains	Recognized in other comprehensive income	December 31
Investment income and unrealized profits/ losses of subsidiaries	\$ (13,521)	\$ 13,521	\$ -	\$ -
Exchange differences on translation of foreign operations	23,422	-	8,258	31,680
Unrealized profit on debt conversion	41,117	(133)	-	40,984
Others	2,568	(403)	-	2,165
Total	\$ 61,735	\$ 14,501	\$ 8,556	\$ 84,792
Deferred income tax liabilities				
Provision on land value increment tax	\$ (65,107)	\$ -	\$ -	\$ (65,107)
Investment income and unrealized profits/ losses of subsidiaries	-	(10,842)	-	(10,842)
Total	\$ (65,107)	\$ (10,842)	\$ -	\$ (75,949)

E. The income tax returns of the Company have examined through 2020 by tax authority.

6.26 OTHER COMPREHENSIVE INCOME

Items	2022		
	Before tax	Income tax (expense)	After tax
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$ 1,725	\$ (345)	\$ 1,380
Remeasurements of the defined benefit plans of subsidiaries recognized by the equity method	186	-	186
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	109,351	(21,870)	87,481
Total	\$ 111,262	\$ (22,215)	\$ 89,047

Items	2021		
	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$ (1,489)	\$ 298	\$ (1,191)
Remeasurements of the defined benefit plans of subsidiaries recognized by the equity method	1,180	-	1,180
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(41,290)	8,258	(33,032)
Recognized in other comprehensive income	<u>\$ (41,599)</u>	<u>\$ 8,556</u>	<u>\$ (33,043)</u>

6.27 EARNINGS PER SHARE

Items	2022	2021
Basic earnings per share		
Net income attributable to ordinary shareholders of the Company	<u>\$ 224,400</u>	<u>\$ 513,224</u>
Weighted average shares outstanding (in thousands)	<u>105,731</u>	<u>108,873</u>
Basic earnings per share (after tax) (in dollars)	<u>\$ 2.12</u>	<u>\$ 4.71</u>
Diluted earnings per share		
Net income attributable to ordinary shareholders of the Company	<u>\$ 224,400</u>	<u>\$ 513,224</u>
Net income for calculating diluted earnings per share	<u>\$ 224,400</u>	<u>\$ 513,224</u>
Weighted average shares outstanding (in thousands)	105,731	108,873
Effect of dilutive potential common shares		
Employees' compensation (in thousands)	<u>\$ 523</u>	<u>\$ 771</u>
Weighted average shares outstanding for diluted earnings per share (in thousands)	<u>106,254</u>	<u>109,644</u>
Diluted earnings per share (after tax) (in dollars)	<u>\$ 2.11</u>	<u>\$ 4.68</u>

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

7. RELATED PARTY TRANSACTIONS

A. Names of related parties and relationship

Names of related parties	Relationship with the Company
TAIWAN KUREHA CO., LTD. (TAIWAN KUREHA)	Subsidiaries
SHINIH HOLDING CO., LTD. (HOLDING)	Subsidiaries
SUNBURST INTERNATIONAL LTD.	Subsidiaries
VFT INC. (VFT)	Subsidiaries
KUREHA (THAILAND) CO., LTD.	Subsidiaries
SHINIH USA INC. (USA HOLDING)	Subsidiaries
SHINIH VIETNAM COMPANY LTD.	Subsidiaries
S INTERNATIONAL INC.(SII)	Sub-Subsidiaries
DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD. (DONG GUAN TAIXIN)	Subsidiaries
INTERBOND CO., LTD. (INTERBOND)	Subsidiaries
SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD. (SHINIH SUZHOU)	Sub-Subsidiaries
SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD. (SHINIH DONG GUAN)	Sub-Subsidiaries
HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	Sub-Subsidiaries
SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	Sub-Subsidiaries
TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD. (TAIXIN SUZHOU)	Sub-Subsidiaries
TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	Sub-Subsidiaries
QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	Sub-Subsidiaries
HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Sub-Subsidiaries
SHINIH(COMBODIA)CO.,LTD. (SHINIHCOMBODIA)	Sub-Subsidiaries
KUNSHAN SHINIH TRADING CO., LTD. (KUNSHAN SHINIH)	Sub-Subsidiaries
PT. SHINIH NONWOVENS INDONESIA (SHINIH INDONESIA)	Sub-Subsidiaries
AMERICAN OUTDOOR LIVING INC. (AOLI)	Sub-Subsidiaries

Names of related parties	Relationship with the Company
WORLD FURNITURE GROUP (WFG)	Sub-Subsidiaries
AMERICAN FURNITURE ALLIANCE INC. (AFA)	Sub-Subsidiaries
MS NONWOVEN INC. (MSNI)	Sub-Subsidiaries
AMERICAN NONWOVEN INC. (ANI)	Sub-Subsidiaries
Jianbao Health Product Technical Co., Ltd (Jianbao Health)	Substantive related party
CHIEN JUNG TSAI	Other related parties

B. Significant transactions between related parties

(a) Revenue

Related Party	2022	2021
Subsidiaries	\$ 2,110	\$ 8,808
Sub-Subsidiaries	6,660	8,586
Substantive related party	1,072	-
Total	<u>\$ 9,842</u>	<u>\$ 17,394</u>

Sales prices between related parties were determined and negotiated referring to the relevant market prices. The payment term was T/T 90 days.

(b) Rent revenue

Categories/Names of related parties	2022	2021
Subsidiaries - TAIWAN KUREHA	\$ 5,680	\$ 10,681
Other related parties	1,714	1,286
Total	<u>\$ 7,394</u>	<u>\$ 11,967</u>

The abovementioned rental plants are calculated and charged monthly based on the local rental market.

(c) Others income

Categories/Names of related parties	2022	2021
Subsidiaries-SHINIH VIETNAM	\$ 16,004	\$ 11,889
Sub-Subsidiaries-PT SHINIH	3,472	2,728
Subsidiaries-AOLI	3,658	77

Categories/Names of related parties	2022	2021
Substantive related party	\$ 14	\$ 70
Total	\$ 23,148	\$ 14,764

Other income mainly consists of the remuneration received by the Company for providing supply chain services and selling equipment or raw materials.

(d) Commission

Categories/Names of related parties	2022	2021
Subsidiaries-SHINIH VIETNAM	\$ 4,125	\$ 5,584
Subsidiaries	433	979
Sub-Subsidiaries-SHINIH SUZHOU	1,844	1,272
Sub-Subsidiaries	833	1,052
Total	\$ 7,235	\$ 8,887

(e) Purchases

Categories/Names of related parties	2022	2021
Subsidiaries	\$ 1,122	\$ 9,927
Sub-Subsidiaries	1,747	3,298
Substantive related party	10,922	-
Total	\$ 13,791	\$ 13,225

Purchases prices between related parties was determined and negotiated referring to the relevant market prices. The payment term was T/T 60~90 days.

(f) Lease agreements

(1) Lease liabilities

Lease liabilities – current

Categories/Names of related parties	December 31, 2022	December 31, 2021
Other related parties	\$ 570	\$ 563
Total	\$ 570	\$ 563

Lease liabilities – noncurrent

Categories/Names of related parties	December 31, 2022	December 31, 2021
Other related parties	\$ 8,884	\$ 9,455
Total	\$ 8,884	\$ 9,455

(2) Interest expense

Categories/Names of related parties	2022	2021
Other related parties	\$ 137	\$ 145
Total	\$ 137	\$ 145

The Company leases real estate from related parties for use as employees' dormitories. The rent is calculated and charged monthly based on the local rental market.

(g) Accounts receivable

Categories/Names of related parties	December 31, 2022	December 31, 2021
Subsidiaries-TAIWAN KUREHA	\$ 1,470	\$ 7,763
Sub-Subsidiaries	-	1,794
Substantive related party	619	120
Total	\$ 2,089	\$ 9,677

(h) Other receivables

Categories/Names of related parties	December 31, 2022	December 31, 2021
Subsidiaries-SHINIH VIETNAM	\$ 18,580	\$ 13,548
Subsidiaries- DONG GUAN TAIXIN	-	3,944
Subsidiaries	873	1,186
Sub-Subsidiaries-SHINIH SUZHOU	2,109	4,277
Sub-Subsidiaries-KUNSHAN SHINIH	-	4,922
Sub-Subsidiaries	5,363	4,552
Substantive related party	174	615
Total	\$ 27,099	\$ 33,044

The other receivables mainly represents the Company purchases the raw materials and equipment and dividends receivables for subsidiaries and sub-subsidiaries.

(i) Accounts payable

Categories/Names of related parties	December 31, 2022	December 31, 2021
Subsidiaries	\$ 18	\$ 169
Sub-Subsidiaries-SHINIH SUZHOU	975	-
Sub-Subsidiaries	-	507
Substantive related party-Jianbao Health Product	5,162	4,662
Total	<u>\$ 6,155</u>	<u>\$ 5,338</u>

(j) Other payables

Categories/Names of related parties	December 31, 2022	December 31, 2021
Subsidiaries-USA HOLDING	\$ 1,616	\$ 1,136
Subsidiaries- TAIWAN KUREHA	789	1,133
Subsidiaries	-	62
Sub-Subsidiaries-TAIXIN SUZHOU	3,560	-
Substantive related party	60	107
Total	<u>\$ 6,025</u>	<u>\$ 2,438</u>

The other payables mainly represents the subsidiaries and sub-subsidiaries purchase the equipment for the Company.

(k) Equipment purchases

Categories/Names of related parties	December 31, 2022	December 31, 2021
Subsidiaries	\$ 20,922	\$ 1,495
Sub-Subsidiaries	3,561	-
Total	<u>\$ 24,483</u>	<u>\$ 1,495</u>

C. Endorsement and Guarantees

Party being guaranteed	Matter being guaranteed	December 31, 2022	December 31, 2021
Subsidiaries-HOLDING	Banking facilities	\$ 675,620	\$ 747,360
Subsidiaries-VFT	Banking facilities	92,130	83,040
Sub-Subsidiaries-AOLI	Banking facilities	92,130	83,040

Party being guaranteed	Matter being guaranteed	December 31, 2022	December 31, 2021
Subsidiaries- TAIWAN KUREHA	Banking facilities	\$ 135,355	\$ 113,840
Total		\$ 995,235	\$ 1,027,280

D. Compensation of key management personnel

Items	2022	2021
Salaries and other short-term employee benefits	\$ 21,541	\$ 22,273
Post-employment benefits	612	531
Total	\$ 22,153	\$ 22,804

8. PLEDGED ASSETS

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

Items	December 31, 2022	December 31, 2021
Property, plant and equipment, net	\$ 537,499	\$ 543,543
Investment property, net	244,810	247,312
Total	\$ 782,309	\$ 790,855

9. SIGNIFICANT CONTINGENCY LIABILITIES AND UNRECOGNIZED COMMITMENTS:

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

Items	December 31, 2022	December 31, 2021
Letters of credit	\$ 9,486	\$ 3,244

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

Items	December 31, 2021	December 31, 2020
Property, plant, and equipment	\$ 11,918	\$ 16,687

C. Contingency: NONE.

10. SIGNIFICANT DISASTERS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12. OTHERS:

12.1 Capital risk management

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

12.2 Financial risks on financial instruments

A. Financial risk management policies

The Company's activities expose it to a variety of financial risks. These financial risks included market risk (including foreign currency exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management strategy focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on its financial performance.

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

B. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

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

(ii) Foreign currency risk and sensitivity analysis

					December 31, 2022			
					Foreign Currency	Exchange Rate	New Taiwan Dollars	
<u>Financial Assets</u>								
Monetary Items								
	USD	\$	14,098	30.71	\$	432,962		
	CNY		762	4.4094		3,361		
<u>Investments accounted for using equity method</u>								
	USD		86,697	30.71		2,662,467		
	THB		87,473	0.8941		78,210		
	CNY		16,725	4.4094		73,749		
<u>Financial Liabilities</u>								
Monetary Items								
	USD		234	30.71		7,164		
	CNY		623	4.4094		2,745		

					December 31, 2021			
					Foreign Currency	Exchange Rate	New Taiwan Dollars	
<u>Financial Assets</u>								
Monetary Items								
	USD	\$	11,555	27.68	\$	319,832		
	CNY		4,054	4.3415		17,602		
<u>Investments accounted for using equity method</u>								
	USD		83,943	27.68		2,323,538		
	THB		81,705	0.8347		68,199		
	CNY		25,277	4.3415		109,738		
<u>Financial Liabilities</u>								
Monetary Items								
	USD		220	27.68		6,098		
	CNY		75	4.3415		326		

The Company is mainly exposed to US dollar and CNY. The sensitivity analysis rate for the Company is 1% increase and decrease in NTD against the relevant

foreign currencies 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. An increase/ decrease in profit before tax would be resulted where the NTD strengthens/ weakens 1% against the relevant currencies with all other variables held constant in the amounts of \$4,264 thousand and \$3,310 thousand for the years ended December 31, 2022 and 2021, respectively.

ii. Price risk

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

iii. Interest rate risk

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

Items	Carrying Amounts	
	December 31, 2022	December 31, 2021
Fair value interest rate risk		
Financial assets	\$ 343,952	\$ 212,337
Financial liabilities	(250,000)	-
Net	<u>\$ 93,952</u>	<u>\$ 212,337</u>
Cash flow interest rate risk		
Financial assets	\$ 109,632	\$ 91,934
Financial liabilities	(1,340,687)	(1,301,377)
Net	<u>\$ (1,231,055)</u>	<u>\$ (1,209,443)</u>

Sensitivity analysis for instruments with fair value interest rate risk

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

Sensitivity analysis for instruments with cash flow interest rate risk

The effective interest rates for the Company's floating interest rate financial instruments are susceptible to the market interest rate. If the market interest rate increases (decreases) 0.25%, the profit before tax will increase (decrease) \$3,078

thousand and \$3,024 thousand for the years ended December 31, 2022 and 2021, respectively.

(b) Credit risk

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

Business - related credit risk

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

Financial credit risk

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

i. Credit concentration risk

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

ii. Measurement of expected credit loss

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

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

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

iv. Credit risk of financial assets measured at amortized cost:

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

(c) Liquidity risk

i. Liquidity risk management

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

For the years ended December 31, 2022 and 2021, the Company's unused financing facilities were \$1,151,900 thousand and \$1,371,300 thousand, respectively.

ii. Maturity analysis for financial liabilities

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

Non-derivative financial liabilities	December 31, 2022				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 453,059	\$ -	\$ -	\$ 453,059	\$ 450,687
Notes payable	11,844	-	-	11,844	11,844
Accounts payable	14,452	-	-	14,452	14,452
Other payables	87,067	-	-	87,067	87,067
Lease liabilities	700	2,800	7,000	10,500	9,454
Long-term loans	185,351	988,079	-	1,173,430	1,140,000
Guarantee deposits received	-	4,954	-	4,954	4,954
Total	\$ 752,473	\$ 995,833	\$ 7,000	\$ 1,755,306	\$ 1,718,458

Non-derivative financial liabilities	December 31, 2021				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 262,687	\$ -	\$ -	\$ 262,687	\$ 261,377
Notes payable	29,928	-	-	29,928	29,928
Accounts payable	17,551	-	-	17,551	17,551
Other payables	89,051	-	-	89,051	89,051
Lease liabilities	700	2,800	7,700	11,200	10,018
Long-term loans	144,883	920,830	-	1,065,713	1,040,000
Guarantee deposits received	-	4,940	-	4,940	4,940
Total	\$ 544,800	\$ 928,570	\$ 7,700	\$ 1,481,070	\$ 1,452,865

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.

12.3 Categories of financial instruments

Items	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Financial assets at amortized costs (Note1)	\$ 530,077	\$ 414,922
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	\$ 1,709,004	\$ 1,442,847

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

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

12.4 Fair value information of financial instruments

A. Definition of fair value measurements are grouped into Level 1 to 3 as follows:

Level 1: Relevant inputs are quoted prices in active markets for identical assets or liabilities that the entity can access on the measurement date.

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

Level 3: Inputs are unobservable inputs that used to measure fair value to the extent when relevant observable inputs are not available.

B. Financial instruments that are not measured at fair value

The fair value of the Company's financial instruments not measured at fair value including cash and cash equivalents, accounts receivable, other financial assets, refundable deposits, short-term loans, accounts payables, long-term loans and deposits received approximate their fair value.

C. Fair value of financial instruments that are measured at fair value: NONE.

D. The methods and assumptions the Company used to measure fair value are as follows:

(a) The Company measures the fair values of its financial instruments with an active market using their quoted prices in the active market.

(b) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models.

(c) Fair value of other financial assets and financial liabilities (except for aforementioned) are determined in accordance with generally accepted pricing model based on the discounted cash flow analysis.

- E. Transfer between Level 1 and Level 2 of the fair value hierarchy: None.
- F. Changes in level 3 instruments: None.

13. SUPPLEMENTARY DISCLOSURES

13.1 Significant transactions information

- A. Financings provided to others: Please see Table 1 attached.
- B. Endorsement and guarantee provided to others: Please see Table 2 attached.
- C. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures at the end of the period) : None.
- D. Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: None.
- E. Acquisition of individual real estate properties at costs of at least \$300 million or 20% of the paid-in capital: None.
- F. Disposal of individual real estate properties at prices of at least \$300 million or 20% of the paid-in capital: Please see Table 3 attached.
- G. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: Please see Table 4 attached.
- H. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Please see Table 5 attached.
- I. Information on the derivative instrument transactions: None.
- J. The business relationship between the parent and the subsidiaries and significant transaction between them: Please see Table 6 attached.

13.2 Information on investees (before inter-company eliminations): Please see Table 7 attached.

13.3 Information on investment in Mainland China

- (1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 8 attached.
- (2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please see Table 6 attached.

13.4 Information of major shareholder (Names, number of shares and ownership of shareholders whose equity interest is greater than 5%): Please see Table 9 attached.

14. SEGMENT INFORMATION

The Company's management has identified the reportable segment under the reporting information used for making decisions adopted by the chief operating decision maker. The Company has provided the chief operating decision maker the information on resource

allocation and assessment of segment performance, focusing on the financial information by geographic plants. The company has provided the segment information disclosure in the consolidated financial statements for the year ended December 31, 2022.

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

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

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

(Continued)

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

TABLE 1

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the period	Ending Balance	Amount Actually Drawn (Note 5)	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 4)
													Item	Value		
3	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 35,716 (CNY 8,100)	NTD 35,716 (CNY 8,100)	NTD 26,897 (CNY 6,100)	3%	2	-	Operating capital	-	-	-	NTD 302,471 (CNY 68,597)	NTD 604,942 (CNY 137,194)
4	AMERICAN NONWOVEN INC.	VFT INC.	Other receivables	Yes	NTD 76,775 (USD 2,500)	NTD 76,775 (USD 2,500)	NTD 53,787 (USD 1,751)	1%	2	-	Operating capital	-	-	-	NTD 290,661 (USD 9,465)	NTD 581,322 (USD 18,929)
		AMERICAN FURNITURE ALLIANCE INC.	Other receivables	Yes	NTD 55,278 (USD 800)	NTD 55,278 (USD 1,800)	NTD 49,136 (USD 1,600)	3%	2	-	Operating capital	-	-	-	NTD 87,198 (USD 2,839)	NTD 116,264 (USD 3,786)
5	AMERICAN OUTDOOR LIVING INC.	SHINIH USA INC.	Other receivables	Yes	NTD 24,568 (USD 670)	NTD 15,354 (USD 500)	NTD 10,747 (USD 350)	3.5%	2	-	Operating capital	-	-	-	NTD 125,955 (USD 4,101)	NTD 251,909 (USD 8,203)
		WORLD FURNITURE GROUP	Other receivables	Yes	NTD 3,071 (USD 100)	NTD 3,071 (USD 100)	NTD 3,071 (USD 100)	4%	2	-	Operating capital	-	-	-		
6	MS NONWOVEN INC.	VFT INC	Other receivables	Yes	NTD 19,962 (USD 650)	NTD 19,962 (USD 650)	NTD 19,962 (USD 650)	3.5%	2	-	Operating capital	-	-	-	NTD 35,672 (USD 1,162)	NTD 71,345 (USD 2,323)
7	SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 37,480 (CNY 8,500)	NTD 37,480 (CNY 8,500)	NTD 37,480 (CNY 8,500)	3%	2	-	Operating capital	-	-	-	NTD 57,300 (CNY 12,995)	NTD 114,600 (CNY 25,990)
8	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 28,661 (CNY 6,500)	NTD 28,661 (CNY 6,500)	NTD 28,661 (CNY 6,500)	3%	2	-	Operating capital	-	-	-	NTD 64,167 (CNY 14,552)	NTD 128,334 (CNY 29,105)
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 4,409 (CNY 1,000)	NTD 4,409 (CNY 1,000)	NTD 4,409 (CNY 1,000)	3%	2	-	Operating capital	-	-	-		
9	TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 11,024 (CNY 2,500)	NTD 11,024 (CNY 2,500)	NTD 11,024 (CNY 2,500)	3%	2	-	Operating capital	-	-	-	NTD 411,564 (CNY 93,338)	NTD 823,128 (CNY 186,676)
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 11,024 (CNY 2,500)	NTD 11,024 (CNY 2,500)	NTD 11,024 (CNY 2,500)	3%	2	-	Operating capital	-	-	-		

(Continued)

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

TABLE 1

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

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

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

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

Note 2 : Nature for Financing as follows :

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

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

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

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

SHINIH ENTERPRISE CO., LTD.
 ENDORSEMENTS / GUARANTEES PROVIDED
 FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 2

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

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

Note 1 : The Company is '○'.

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

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

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

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

Note 5 : The balance and amount referred to in the table above, except for the amount actually drawn, refers to the endorsement/guarantee limit or amount for others that occurred on the date of occurrence (the date of the Board resolution, the date of signing the transaction, the date of payment or any other date sufficient to determine the transaction party and the transaction amount, whichever is earlier).

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

TABLE 3

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

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

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

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

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

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

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

SHINIH ENTERPRISE CO., LTD.

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

TABLE 4

Amounts in Thousands of New Taiwan Dollars

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

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

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

TABLE 5

Amounts in Thousands of New Taiwan Dollars

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

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

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

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

(Continued)

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

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

(Continued)

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

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

(Continued)

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
9	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	8	Sales revenue	\$ 1,782	Note 3	-
10	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Rental revenue	6,636	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Interest revenue	546	Note 3	-
11	HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Sales revenue	1,224	Note 3	-
12	AMERICAN OUTDOOR LIVING INC.	AMERICAN NONWOVEN INC.	8	Sales revenue	167,424	Note 3	7%
		AMERICAN NONWOVEN INC.	8	Other revenue	10,746	Note 3	-
		MS NONWOVEN INC.	8	Other revenue	1,970	Note 3	-
		VFT INC.	7	Sales revenue	92,097	Note 3	4%
		VFT INC.	7	Other revenue	7,701	Note 3	-
13	WORLD FURNITURE GROUP	AMERICAN NONWOVEN INC.	8	Other revenue	3,283	Note 3	-
		AMERICAN OUTDOOR LIVING INC.	8	Other revenue	26,865	Note 3	1%
		AMERICAN FURNITURE ALLIANCE INC.	8	Other revenue	1,790	Note 3	-
		VFT INC.	7	Other revenue	3,582	Note 3	-
		MS NONWOVEN INC.	8	Other revenue	\$ 1,060	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

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

(Continued)

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

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

(Continued)

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

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

(Continued)

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

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

(Continued)

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	\$ 4,409	Note 3	-
10	SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	39,185	Note 3	1%
11	QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	8	Accounts receivable	549	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	8	Other receivables	749	Note 3	-
12	AMERICAN OUTDOOR LIVING INC.	VFT INC.	7	Accounts receivable	11,234	Note 3	-
		SHINIH USA INC.	7	Other receivables	10,329	Note 3	-
		AMERICAN FURNITURE ALLIANCE INC.	8	Other receivables	1,843	Note 3	-
		AMERICAN NONWOVEN INC.	8	Accounts receivable	1,642	Note 3	-
		WORLD FURNITURE GROUP	8	Other receivables	3,321	Note 3	-
13	AMERICAN NONWOVEN INC.	AMERICAN FURNITURE ALLIANCE INC.	8	Other receivables	49,136	Note 3	1%
		VFT INC.	7	Other receivables	53,787	Note 3	1%
		VFT INC.	7	Notes receivable	22,526	Note 3	1%
14	MS NONWOVEN INC.	AMERICAN NONWOVEN INC.	8	Prepaid equipment	3,272	Note 3	-
		VFT INC.	8	Other receivables	19,962	Note 3	-
15	AMERICAN FURNITURE ALLIANCE INC.	SHINIH USA INC.	7	Other receivables	6,933	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

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

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

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

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

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

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

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

SHINIH ENTERPRISE CO., LTD.

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2022

TABLE 7

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
The Company	TAIWAN KUREHA CO., LTD.	Note 1	The manufacture, processing and sale of nonwoven fabric material, carpets, tapestries, conveyor belts and air filters	NTD 54,800	NTD 54,800	55,000	84.62%	NTD 27,208	NTD (9,747)	NTD (8,287)	Note 19, 20
	SHINIH HOLDING CO.,LTD.	Note 2	Securities trading and investment	USD 6,700	USD 6,700	10,000,000	100%	NTD2,060,585	NTD 223,338	NTD 224,366	Note 19, 20
	SUNBURST INTERNATIONAL LTD.	Note 3	Operating textile, polyester cotton and other import and export trade and reinvestment business	USD 50	USD 50	50,000	100%	NTD 12,233	NTD 1,896	NTD 5,566	Note 19, 20
	VFT INC.	Note 4	Nonwoven fabric material manufacturing, processing and trading	USD 1,800	USD 1,800	100	100%	NTD 269,512	NTD 38,563	NTD 39,395	Note 19, 20
	KUREHA (THAILAND) CO.,LTD.	Note 5	The manufacture, processing and trading of blankets and air filters	USD 1,018	USD 1,018	37,500	50%	NTD 78,210	NTD 35,530	NTD 17,765	Note 20

(Continued)

SHINIH ENTERPRISE CO., LTD.

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2022

TABLE 7

Amounts in Thousands of New Taiwan Dollars

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

(Continued)

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

(Continued)

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

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

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

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

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

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

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

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

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

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

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

Note 12: 9141 Arrow Route, Rancho Cucamonga, CA

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

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

Note 15: 275 Industrial DR, Pontotoc, MS

Note 16: 9141 Arrow Route, Rancho Cucamonga, CA

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

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

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

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

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

TABLE 8

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

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

(Continued)

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

TABLE 8

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

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

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

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

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

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

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

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

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

SHINIH ENTERPRISE CO., LTD.
Major Shareholders Information
DECEMBER 31, 2022

TABLE 9

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

~
304
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Note 1 : The information on major shareholders in this table is calculated by TDCC on the last business day of each quarter, based on shareholders holding a total of 5% or more of the Company's common and special shares that have completed non-physical registration and delivery. As for the share capital recorded in the Company's financial statements and the actual number of shares that have completed non-physical registration and delivery, there may be differences due to different calculation bases.

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

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SHINIH ENTERPRISE CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Statement 1

<u>Item</u>	<u>Description</u>		<u>Amount</u>
Cash on hand and petty cash			\$ 330
Cash in banks			
New Taiwan Dollars			
Checking accounts			
deposits			
Demand deposits			435
Foreign currency			52,266
Demand deposits	(USD)	1,573	
	(JPY)	33,773	48,310
	(CNY)	199	7,849
	(EUR)	10	877
Deposits account	(USD)	4,000	330
			122,840
Subtotal			232,907
Total			\$ 233,237

Note : USD 1 = NT \$30.7100

JPY 1 = NT \$0.2324

CNY 1 = NT \$4.4094

EUR 1 = NT \$32.7200

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF NOTES RECEIVABLE, NET

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Statement 2

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>
CANVADA INDUSTRIAL CO., LTD.	Payment for goods	\$ 1,474
MEXSMON TRADING CO., LTD.	Payment for goods	1,300
O'LAURIE CORP.	Payment for goods	934
CHIN CHENG MATS CO., LTD.	Payment for goods	775
Ms. TSAI SHU YU	Payment for goods	632
JIN SHINN CHANG ENTERPRISE CO., LTD.	Payment for goods	593
Others (Note)	Payment for goods	4,931
Total		<u>\$ 10,639</u>

Note : The amount of individual client included in others does not exceed 5% of the account balance.

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF ACCOUNTS RECEIVABLE - NON-RELATED PARTY

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Statement 3

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>
QUANG VIET ENTERPRISE CO., LTD.	Payment for goods	\$ 7,364
HANDLOYAL	Payment for goods	4,822
FAR EASTERN APPAREL CO., LTD.	Payment for goods	4,599
SABRINA FASHION	Payment for goods	2,161
Others (Note)	Payment for goods	16,603
Subtotal		35,549
Less : Loss allowance		(1,281)
Total		<u>\$ 34,268</u>

Note : The amount of individual client included in others does not exceed 5% of the account balance.

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF INVENTORIES

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Statement 4

Item	Description	Amount	
		Cost	Net Realizable Value
Raw materials		\$ 64,141	\$ 64,465
Work-in-process		2,465	2,465
Finished goods		41,687	56,992
Total		<u>\$ 108,293</u>	<u>\$ 123,922</u>

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Thousands of Shares)

Statement 5

Investee Company	Balance, January 1, 2022		Addition (Note 1)	Decrease (Note 2)	Balance, December 31		Net Assets Total Amount	Collateral
	Shares	Amount			Amount	%		
SHINIH HOLDING CO., LTD.	10,000,000	\$ 1,788,252	\$ 272,333	\$ -	\$ 2,060,585	100	\$ 2,060,682	-
SHINIH VIETNAM COMPANY LTD.	-	267,227	86,321	(95,062)	258,486	100	260,919	-
SUNBURST INTERNATIONAL LTD.	50,000	6,667	5,566	-	12,233	100	23,053	-
VFT INC.	100	206,246	63,266	-	269,512	100	270,344	-
DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	-	79,805	(37,961)	-	41,844	100	39,812	-
KUREHA (THAILAND) CO., LTD.	37,500	68,200	22,763	(12,753)	78,210	50	78,210	-
SHINIH FIBER PRODUCTS (SUZHOU)	-	14,190	9,393	(5,342)	18,241	11	33,937	-
TAIWAN KUREHA CO., LTD.	55,000	35,309	(8,101)	-	27,208	85	26,999	-
INTERBOND CO., LTD.	200,000	1,430	(106)	-	1,324	100	1,324	-
SHINIH USA INC.	1,100,000	36,226	12,307	-	48,533	100	70,522	-
		<u>\$ 2,503,552</u>	<u>\$ 425,781</u>	<u>\$ (113,157)</u>	<u>\$ 2,816,176</u>		<u>\$ 2,865,802</u>	

Note 1 : Addition consists of follows :

Share of profit or loss of subsidiaries accounted for using equity method (Note 3)	\$ 315,394
Exchange differences on translation of foreign operations	109,351
Realized gain or loss on downstream transactio	850
Share of remeasurements of defined benefit plans of subsidiaries accounted for using equity method	186
Total	<u>\$ 425,781</u>

Note 2 : To collecting cash dividends.

Note 3 : Amounts includes \$315,874 thousand from share of profit or loss of subsidiaries accounted for using equity method and \$ (480) thousand from the deferred income tax of unrealized profit on downstream transactions recognized in parent company only financial statements.

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF SHORT-TERM LOANS

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Statement 6

Creditor	Description	Amount	Contract Period	Collateral	Note
HUA NAN Bank	Guaranteed loans	\$ 20,000	2023.03.09	Land and Building	
The Shanghai Commercial Bank	Guaranteed loans	100,000	2023.10.12	Land and Building	
Subtotal		120,000			
HUA NAN Bank	Unsecured loans	80,000	2023.03.09		
Taishin International Bank	Unsecured loans	100,000	2023.03.14		
SINO PAC Bank	Unsecured loans	150,000	2023.02.14		
Mega International Commercial Bank	Unsecured loans	687	2023.01.11		
Subtotal		330,687			
Total		\$ 450,687			

Note : The unused financing amount of the loan is approximately \$751,900 thousand and the range of interest rates is 1.50% ~6.50%.

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF NOTES PAYABLE

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Statement 7

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>
FAR EASTERN NEW CENTURY CORPORATION FAR EASTERN NEW CENTURY CORPORATION	Payment for material	\$ 8,265
EVER GREEN ULTRASONICS CO., LTD.	Payment for goods	1,607
Others (Note)		1,972
Total		<u>\$ 11,844</u>

Note : The amount of individual client included in others does not exceed 5% of the account balance.

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF ACCOUNTS PAYABLE - NON-REALTED PARTY

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Statement 8

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>
ROHM AND HAAS TAIWAN, INC.	Payment for material	\$ 1,886
SAN FANG CHEMICAL INDUSTRY CO., LTD.	Payment for material	1,452
WEI LI WANG KAI FA CO., LTD.	Payment for material	1,441
FARLEAD TECHNOLOGY CO., LTD.	Payment for material	1,302
PAI HUEY PLASTIC INDUSTRY CO., LTD.	Payment for material	694
CHAN SIEH ENTERPRISES CO., LTD.	Payment for material	586
BASF TAIWAN LTD.	Payment for material	466
Others (Note)	Payment for material	470
Total		<u>\$ 8,297</u>

Note : The amount of individual client included in others does not exceed 5% of the account balance.

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF LONG-TERM LOANS

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Statement 9

Creditor	Description	Amount	Contract Period	Collateral	Note
KGI Bank	Guaranteed loans	\$ 600,000	2024. 05. 10	Land and Building	2
The Shanghai Commercial Bank	Guaranteed loans	100,000	2025. 10. 12	Land and Building	3
The Shanghai Commercial Bank	Guaranteed loans	150,000	2027. 12. 27	Land and Building	4
CHB Bank	Guaranteed loans	290,000	2025. 01. 05	Land and Building	5
Subtotal		1,140,000			
Less : Current portion		(166,250)			
Total		\$ 973,750			

Note 1 : The unused financing amount of the loan is approximately \$400,000 thousand and the range of interest rates is 1.65%~2.02%

Note 2 : KGI Bank is repayment of principal at maturity.

Note 3 : Shanghai Commercial Bank repays the principal in 12 instalments with one instalments every 3 months, starting from January, 2023.

Note 4 : The Shanghai Commercial Bank repays the principal in 12 instalments with one instalments every 3 months, starting from January, 2025.

Note 5 : CHB Bank repays the principal in 24 instalments starting from February, 2023 .

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF NET REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Statement 10

Items	QTY(in thousand)	Unit	Amount
Resin cotton	6,038	YARD	\$ 193,921
Needle-punched resin cotton	426	YARD	81,386
Melt spinning products	36,124	M	14,204
Spray-bonded nonwoven fabric	570	Kg	44,344
cotton fabric	754	YARD	23,799
Cotton pompom processing	172	KG	28,930
Comforter	8	PCE	8,043
Pillow	21	PCE	3,875
Melt blown products	5,164	YARD	1,628
Others			11,001
Total			411,131
Less: Sales return			(140)
Sales allowances			(1,048)
Sales revenue, net			409,943
Rental income			33,983
Operating revenue, net			\$ 443,926

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF COST OF REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Statement 11

Items	Amount
Raw materials:	
Balance, January 1	\$ 55,581
Add: Purchase	157,688
Gain on physical inventory	8
Less: Balance, December 31	(64,141)
Transferred to expenses	(13,228)
Sell raw materials	(4,207)
Raw materials consumed for the period	131,701
Direct labor	32,745
Production overheads	123,985
Manufacturing cost	288,431
Add : Work in process, January 1	852
Less : Work in process, December 31	(2,465)
Cost of finished goods	286,818
Add : Finished goods, January 1	25,542
Purchase	18,654
Gain on physical inventory	947
Less : Finished goods, December 31	(41,687)
Transferred to expenses	(8,023)
Scrapped losses	(71)
Production and marketing costs	282,180
Raw materials sold	4,207
Total cost of goods sold	286,387
Unallocated production overheads	27,657
Leasing costs	5,803
Scrapped losses	71
Gain on physical inventory	(955)
Total cost of revenue	\$ 318,963

SHINIH ENTERPRISE CO., LTD.
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Statement 12

<u>Items</u>	<u>Amount</u>
Indirect labor	\$ 33,767
Depreciation	32,437
Utilities expenses	12,236
Fuel cost	7,766
Processing fee	24,985
Repair and maintenance expenses	9,686
Insurance expenses	8,775
Packaging expenses	5,095
Shipping expenses	3,287
Others	13,608
Less : Unallocated production overheads	(27,657)
Total	<u>\$ 123,985</u>

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Statement 13

Items	Marketing	Administrative	Research and Development	Total
Salaries	\$ 12,931	\$ 71,870	\$ 11,380	\$ 96,181
Insurance expenses	1,474	5,924	1,978	9,376
Depreciation	211	4,111	36,102	40,424
Shipping expenses	11,358	149	1,122	12,629
Professional service fees	83	6,083	2,109	8,275
Export charges	6,942	262	368	7,572
Sample charges	1,400	51	8,987	10,438
Others (Note)	17,022	14,213	13,375	44,610
Total	\$ 51,421	\$ 102,663	\$ 75,421	\$ 229,505

Note : The amount of each item in others does not exceed 5% of the account balance.