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2021

Annual Report

Tainan Enterprises Co.,Ltd

Date of publication: May 20, 2022, Republic of China

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One.A Message to Shareholders

Ladies and Gentlemen:

It's an unforgettable 60th anniversary for Tainan Enterprises Co., Ltd.!

Since Tainan Enterprises Co., Ltd. (the "Company") was incorporated in 1961, the Company has experienced two major fires at its factory in 1984 and 1985. However, the Company stood up again soon, no matter how difficult it was. After so many years, during the two years since 2019 when the COVID-19 broke out until 2021, the Company has had to deal with challenges that were no less critical than those in the past, including the global pandemic, factory lockdown for epidemic, upgrading to Level 3 epidemic alert in Taiwan and the blackout policy in China. The successive hardships led to the Company's rebirth and it survived the crises once again. This epidemic prevention battle, which extended from Europe and the United States to Southeast Asia, alerted the Company from time to time, developing the Company's multi-site strength and dispatching various orders to each factory for successful production.

Operating Performance and Results 2021

In terms of operating revenue and profitability, the Company's annual consolidated operating revenue was NT\$5.761 billion in 2021, a decline by 3.5% from that in 2020. The consolidated net losses after tax attributed to the parent company was NT\$135 million. The epidemic continued in 2021 from 2020. In Europe and the USA, it transformed from a serious infection to stable order placement at the customer end. It also turned out that the epidemic was spreading in the South East Asia. As a result, factories were forced to suspend or reduce production. Fortunately, the Company won support and understanding, as well as belief in the Company's capacity from the customers. Upon discussion and agreement by both sides, the ordered goods could be shipped successfully. Meanwhile, in 2021, the Company was selected as one of the "6th Taiwan Mittelstand Enterprises" and also passed the Talent Quality Management System (TTQS) certification. The Company stands out among various major enterprises, and receives recognition from the government and professional entities.

Outlook 2022

In 2021, there was an issue that concerned all people, namely the Carbon Neutrality Plan. Given the global weather transformation and increasingly serious global warming, various countries have successively realized the importance of carbon reduction and demanded that every enterprise achieve the carbon-free target. This year, the Company is also starting to prepare for the in-factory carbon emission plan and training plan for all of its overseas factories, in an effort to make the garment industry become a low-carbon industry and also to make the world better.

1. Activate ESG to practice the carbon-reduction target

Given the rising environmental protection awareness, CSR is no longer a pure report card for social responsibility. The future focuses include sustainability and, particularly, ESG, which is considered a very important indicator to assess an enterprise in terms of environmental protection, social responsibility and corporate governance. The Company knows the importance of such an indicator very well, and is planning steps and also developing toward carbon reduction as its orientation.

2. Growing major customers and transforming profitability of small orders

When the customer base is getting more and more extensive, and the trend tends to be few quantity for multiple models, the small order structure may raise the quotation and thereby increase the profit. In line with the trend, the Company is also transforming and making progress. In order to deal with the major customers, the Company applies its outstanding technology, refer commodities to customers voluntarily, create new impression and business, and improve the gross profit of orders. This performance comes from the strengths accumulated by the Company over the years.

3. Improve IT system and automate the production

In order to prevent any defective products and cope with the wage increasing year by year, the Company controls the quality with the assistance from system automation, and helps make decisions rapidly using modern factories and the automation of ten major product lines of the Company and technologized investments, and through the implementation of automation, intellectualization, AI-aided production, informatization, digitalization and the BI system.

4. Improve organization and recruitment of talents

The access to critical talents is a target focused on by the Company. In 2021, the Company hired critical talents to provide the Company with new ideas and methods by which new strategies should be implemented. Meanwhile, the Company will create employees' identification, gather employees' team cohesiveness and identify critical talents through the internalized organizational training, in order to train middle-level and high-level management, and successors for each department.

Though the Company's overall performance was less than what was expected in 2021, it is still considerable growth from 2020. Though it is impossible to control the loss from the epidemic, the Company will adjust its thoughts in a timely manner and never feel discouraged to compete with itself. Each colleague insisted on performing his job duty during the epidemic. Thanks for all of the colleagues' contribution and dedication again. The recuperation in the past or two years allows the Company to have a chance to solidify its infrastructure and wait for the opportunity to turn around. The Company expects to return to the normal track to compete with others next year or the year after next year. The Company believes that 2022 should be a year for transformation and also a bright year!

Chairman Yang Ching-Hon



General Manager Yang Shun-Hui



Accounting Officer Tsai Chen-Chih



Two.Company Profile

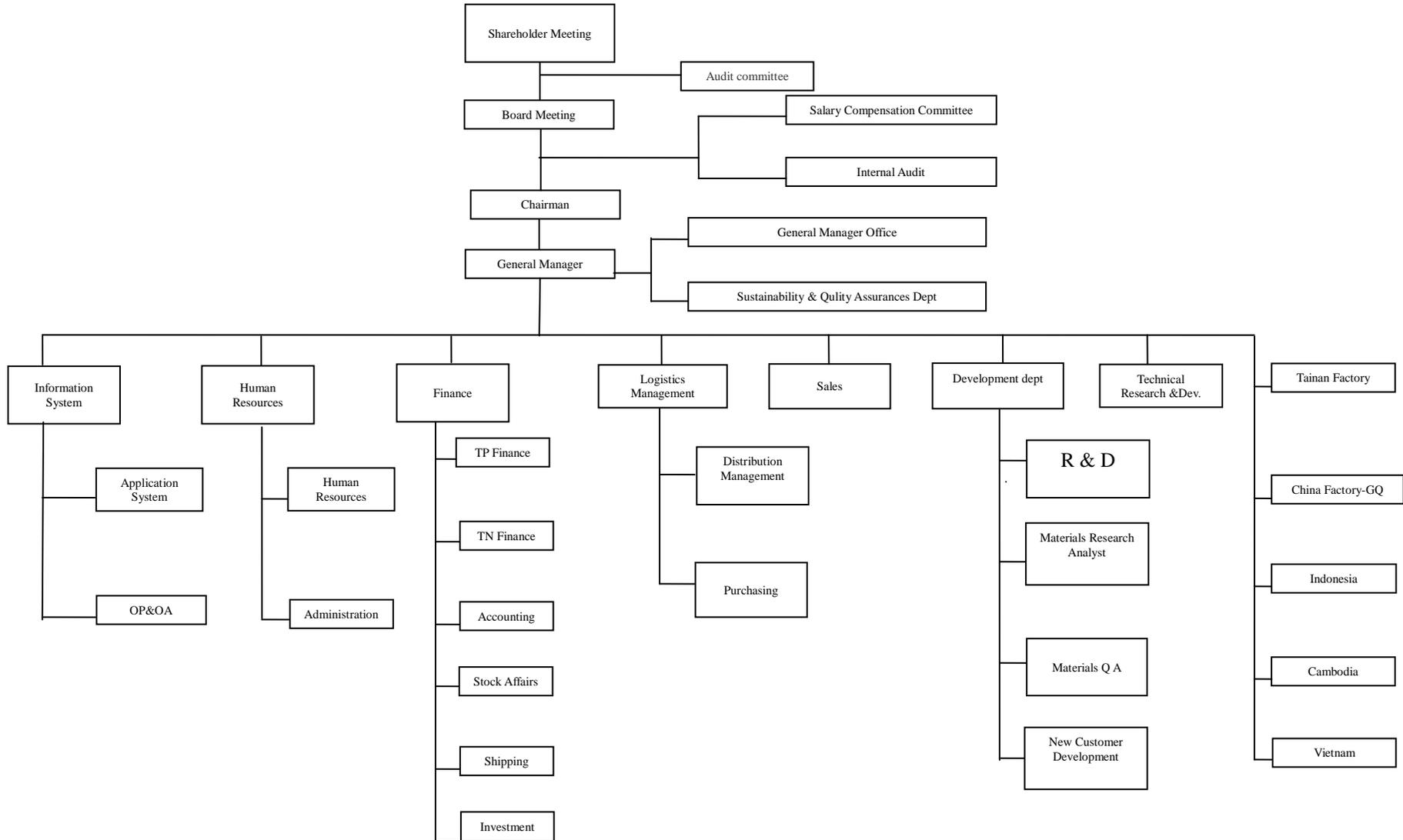
Founded Date	Company's Chronicle
Aug. 1961	Tainan Enterprises Co., Ltd. was founded by Mr. Kun-Mao Yang with initial investment capital of three million TWD
1962	Established Taipei Office
Mar. 1984	Increased the capital to fifty million TWD
Jul. 1988	Increased the capital to sixty-one million three hundred and fifty thousand TWD
Jul. 1988	Mr. Ching-Hon Yang (Tony Yang) was elected to be the chairman of Tainan Enterprises Co., Ltd.
Sep. 1988	Pingtung plant and Neypu plant were combined to form Pingtung Plant
Sep. 1989	Increased the capital to one hundred and twenty million TWD
Mar. 1991	China-Yixing Yifeng Garments Co., Ltd. started production
Oct. 1992	Increased the capital to one hundred and ninety-five million TWD
Aug. 1993	Amount of investment capital increased in PT Tainan Enterprises Co., Ltd. (Indonesia)
Nov. 1993	Established "Tony Wear" and started to sell in China
Jul. 1994	China-Yixing Gaoqing Garments Co., Ltd. was inaugurated
May. 1996	PT Tainan Enterprises Co., Ltd. (factory 2) started production
Jul. 1996	Be Publicly Issued Company
Jul. 1996	Increased the investment capital in B.V.I. Tainan Enterprises Co., Ltd.
Aug. 1996	Increased the capital to two hundred forty-five million nine hundred thousand TWD
Jul. 1997	Increased the capital to two hundred ninety five million seventy thousand TWD
May. 1998	Increased the capital to three hundred eighty-three million six hundred thousand TWD
Aug. 1998	Tai Yang Enterprises Co., Ltd. (Cambodia) started production
Feb. 1999	Indirectly Invested in "Tainan Enterprise(Cayman) Co.,Ltd"
Apr. 1999	Started listed on "Over the counter" (O.T.C.)
Aug. 1999	Increased the capital to six hundred seventy-five million four hundred thousand TWD
Oct. 1999	Tai Yang Enterprises Co., Ltd. (Factory 2) started production
Mar. 2000	Tainan Enterprises Co., Ltd. (El Salvador) started production
Mar. 2000	Tainan Enterprises (USA) Co., was established
Aug. 2000	Increased the capital to nine hundred forty-eight million three hundred sixty thousand TWD
Sep. 2000	Officially listed on the Taiwan Stock Exchange
Jul. 2001	Increased the capital to one billion one hundred sixty million nine hundred thousand TWD
Jul. 2002	Increased the capital to one billion two hundred twenty-three million nine hundred fifty thousand TWD
Mar. 2003	Acquired a local brand-Jiarjia
Apr. 2003	Combined kao Ching Factory with Ping Tung Factory
Jul. 2003	Increased the Capital to one billion two hundred twenty-eight million nine hundred fifty thousand TWD
Jan. 2004	Tainan Enterprises Co., Ltd. (El Salvador) finished dissolution
Mar. 2004	Issued European Convertible Bonds Twenty Millions USD
Apr. 2004	Guanjia (Shanghai) Fashion Co.,Ltd Brand 「Emely」 to sell in china
Aug. 2004	Increased the Capital to one billion two hundred thirty-three million nine hundred fifty thousand TWD
Aug. 2004	Camwell Mfg Co., Ltd. (Cambodia) started production
Oct. 2004	Indirectly Invested in "Jordan Dragon Garment Industry Co.,Ltd"
Mar. 2005	Increased the Capital to one billion two hundred thirty-five million four hundred eighty thousand TWD
Jul. 2005	Increased the Capital to one billion two hundred fifty-two million eight hundred forty thousand TWD
Aug. 2005	Invested in "Tai Mao Fong Co.,Ltd"
Sep. 2005	Combined Ping Tung Factory with Tainan Factory
Dec. 2005	Invested in "Global Link Co.,Ltd"

Founded Date	Company's Chronicle
Aug. 2006	Increased the Capital to one billion two hundred seventy million three hundred seventy thousand TWD
Dec. 2006	Increased the Capital to one billion two hundred eighty-seven million seven hundred seventy thousand TWD
Dec. 2006	Indirectly Invested in "Gingdao Tide" Garment Co.,Ltd"
Apr. 2007	Increased the Capital to one billion three hundred thirty-seven million four hundred thirty thousand TWD
Jul. 2007	Increased the Capital to one billion three hundred sixty-four million six hundred thousand TWD
Aug. 2007	Increased the Capital to one billion three hundred eighty-three million two hundred fifty thousand TWD
Oct. 2007	Increased the Capital to one billion three hundred eighty-nine million one hundred ninety thousand TWD
Dec. 2007	Indirectly Invested in "Mao feng (Shanghai) Fashion Co.,Ltd "
Apr. 2008	Increased the Capital to one billion three hundred ninty-eight million three hundred thousand TWD
Nov. 2008	Global Link Co.,Ltd finished dissolution
Jan. 2009	Tai Mao Fong Co.,Ltd discontinued
Jun. 2009	Increased the Capital to one billion four hundred sixty-eight million two hundred twenty thousand TWD
Dec. 2009	Tainan Enterprises (USA) Co., finished dissolution
Dec. 2009	Jordan Dragon Garment Industry Co., Ltd. has sold
Jan. 2010	Gingdao Tide Garment Co.,Ltd finished dissolution
Dec. 2010	Indirectly Invested in "Zhoukou Tainan Garment Co.,Ltd"
Mar. 2011	Increased the investment capital in "Tainan Enterprises (Cambodia) Co., Ltd."
Oct. 2011	"Tainan Enterprise(Cayman) Co.,Ltd" Officially listed on the Taiwan Stock Exchange
Dec. 2011	"Tai Mao Fong Co.,Ltd "Applied for re-open a business
Sep. 2012	"Tai Mao Fong Co.,Ltd "finished dissolution
Nov. 2013	Invested in "ANDALAN MANDIRI BUSANA, PT."
Apr. 2014	Invested in "New Premium Enterprise Co., Ltd.
Jun. 2014	Indirectly Invested in"JEI JOM Enterprise
Jul. 2014	Indirectly Invested in "Tony Wear Fashion Co.,Ltd."(Taiwan)
Dec. 2014	"Mao feng (Shanghai) Fashion Co.,Ltd."finished dissolution
Apr. 2015	Invested in "Beyoung Fashion Co.,Ltd."
Jul. 2015	Invested in"G-Spec International Co.,Ltd."
Jul. 2015	Indirectly Invested in "T&G Fashion Co.,Ltd."
Dec. 2015	Invested in "T & D Apparel Industrial Co., Ltd."
Jan. 2016	Invested in "Tainan Enterprises (Vietnam) Co., Ltd."
Sep. 2016	"Tony Wear Fashion Co.,Ltd." (Taiwan)finished dissolution
Sep. 2016	"Camwell Mfg Co., Ltd. (Cambodia) "finished dissolution
Sep. 2017	Invested in"Fortune International Co.,Ltd."
Dec. 2017	"G-Spec International Co.,Ltd." was merged in "Beyoung Fashion Co.,Ltd."
Mar. 2018	Tai Yang Enterprises Co., Ltd. (Cambodia) finished dissolution
Oct. 2018	T & D Apparel Industrial Co., Ltd. (VIET NAM)finished dissolution
Oct. 2020	TOP-ONE GARMENTS MFG. CO., LTD. finished dissolution
May 2021	Fortune International Co.,Ltd. finished dissolution

Three. Corporate Governance

I. Company's Organization Chart

(I) Organizational System



(II) Operations by principal departments/divisions

By departments/divisions	Functions and operations
1. Internal Audit	Establishment of, and follow-up and check on, the internal audit system
	Establishment and implementation of the internal audit system
2. General Manager	Collection, analysis and integration of internal and external information, and communication, coordination and integration of the implementation of organizational business projects
	Establishment of the annual development target, and review, evaluation and suggestion on the organizational development
3. Sustainability & Quality Assurance Dept.	Implementation and performance of the corporate sustainability and social responsibility, and assurance on each department's/division's compliance with the Company's internal SOPs for production and stabilization of the quality control to satisfy customers' needs.
4. Information System	
4.1. Application System.	Development and maintenance of the information software system
4.2. OP&OA	Corporate information security, anti-virus system and network construction, and maintenance of computer hardware equipment
5. Human Resources	
5.1. Human Resources	HR planning, education & training, appointment/dismissal, promotion, attendance, performance valuation and retirement
5.2. Administration	Employee benefits
	Safety, repairing, vehicle management regulations, and routine business
6. Finance	
6.1. TP Finance	Responsible for fund allocation and utilization, and credit management
6.2. TN Finance	Responsible for fund allocation and utilization, and credit management
6.3. Accounting	Preparation of financial statements and budget
6.4. Stock Affairs	Responsible for processing stocks and shareholder services
6.5. Shipping	Shipping and customs affairs for import/export
6.6. Investment	Responsible for the long-term and short-term capital investment
7. Logistics Management	
7.1. Distribution Management	Follow-up on raw materials & supplies, export arrangement, and coordination of production and marketing
7.2. Purchasing	Procurement and shipping of raw materials and supplies
8. Sales	Responsible for woven/needle services for customers in Europe and the USA, and processing and follow-up of POs by departments
9. Development	
9.1. R & D	Design and R&D of new apparel products for men and women

By departments/divisions	Functions and operations
9.2. Materials Research Analyst Dept.	Development of materials
9.3. Materials QA Dept.	Stabilize the quality and control over materials
9.4. New Customer Development Dept.	Development of markets and expansion of customer base
10. Technical Research & Dev.	Responsible for mock-up sample, mark marking, and platemaking
	Responsible for analysis and creation of I.E. working hours, work improvement and counseling service to vendors
	Development of suspension systems and molds
11. Tainan Factory & foreign factories	Responsible for analysis and creation of I.E. working hours, work improvement and counseling service to vendors
	Development of suspension systems and molds
	Ready-made clothes production matters

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

(1) Directors & supervisors

December 31, 2021

Unit: Share; %

Job title	Nationality or place of registration	Name	Gender Age	Date on which current position was assumed (appointed)	Term of office	Commencement date of the first term	Quantity of shares held when appointed		Quantity of shares held currently		Shares held by their spouses, children of minor age and held through nominees		Experience (academic background)	Position(s) held concurrently in the Company and/or in any other company	Spouse or relatives within the second degree of kinship acting as other managers, directors or supervisors			Remark		
							Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Quantity of shares	Shareholding	Job title		Name	Relationship
Chairman	R.O.C.	Yang Ching-Hon	Male 71	June 15, 2020		May 20, 2005	--	--	--	--	--	--	None	Department of Economics, National Chung Hsing University General Manager of Tainan Enterprises Co., Ltd.	Note 1	Director	Yang Yin-Ying	Brother and sister		
																Director	Yang Fu-Ching			
																Director	Wu Tao-Chang	Relatives by marriage		
																Director	Wang Fang-Chung	Couple		
Director	R.O.C.	Jing Da Development Co., Ltd.		June 15, 2020		May 20, 2005	217,263	0.15	217,263	0.15	--	--	None	--	--	--	--	--		
Juristic person representative	R.O.C.	Wang Fang-Chung	Female 68	June 15, 2020		3 years	August 4, 2017	--	--	--	--	--	None	NCC MBA Program	Note 2	Director	Yang Yin-Ying	Relatives by marriage		
																Director	Yang Fu-Ching			
																Director	Wu Tao-Chang			
																Chairman	Yang Ching-Hon	Couple		
Director	R.O.C.	Tian Mei Investment Co., Ltd.		June 15, 2020		May 28, 1999	3,461,200	2.35	3,805,200	2.59	--	--	None	--	--	--	--			
Juristic person representative	R.O.C.	Yang Yin-Ying	Female 66	June 15, 2020		May 28, 1999	--	--	132,000	0.09	--	--	None	Department of Journalism, NCCU General Manager of Tainan Enterprises Co., Ltd.	Note 3	Chairman	Yang Ching-Hon	Brother and sister		
																Director	Yang Fu-Ching	Sisters		
																Director	Wu Tao-Chang	Relatives by marriage		

Job title	Nationality or place of registration	Name	Gender Age	Date on which current position was assumed (appointed)	Term of office	Commencement date of the first term	Quantity of shares held when appointed		Quantity of shares held currently		Shares held by their spouses, children of minor age		and held through nominees		Experience (academic background)	Position(s) held concurrently in the Company and/or in any other company	Spouse or relatives within the second degree of kinship acting as other managers, directors or supervisors			Remark
							Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
																	Director	Wang Fang-Chung		
Director	R.O.C.	Ri Fu Investment Co., Ltd.		June 15, 2020		June 10, 2011	3,943,401	2.68	3,943,401	2.68	--	--	None	--	--	--	--	--	--	--
Juristic person representative	R.O.C.	Yang Fu-Ching	Female 64	June 15, 2020		September 29, 1988	--	--	642,982	0.44	--	--	None	Department of Diplomacy, NCCU CFO of Tainan Enterprise Co., Ltd. General Manager of Tainan Enterprises Co., Ltd.	Note 4		Chairman	Yang Ching-Hon	Brother and sister	
																	Director	Yang Yin-Ying	Sisters	
																	Director	Wu Tao-Chang	Relatives by marriage	
																	Director	Wang Fang-Chung	Relatives by marriage	
	R.O.C.	Liang Dao Investment Co., Ltd.		June 15, 2020		February 28, 1997	6,159,821	4.19	6,159,821	4.19	--	--	None	--	--	--	--	--	--	--
Juristic person representative	R.O.C.	Wu Tao-Chang	Male 69	June 15, 2020		February 28, 1997	--	--	75,470	0.05	376,244	0.26	None	Department of Civil Engineering, CYCU General Manager of Tainan Enterprises Co., Ltd.	Note 5		Chairman	Yang Ching-Hon	Relatives by marriage	--
																	Director	Yang Fu-Ching		
																	Director	Yang Yin-Ying		
																	Director	Wang Fang-Chung		
Director	R.O.C.	Hsin Wang Ai Investment Co., Ltd.		June 15, 2020		June 13, 2008	6,501,331	4.42	6,501,331	4.42	--	--	None	--	--	--	--	--	--	--
Juristic person representative	R.O.C.	Su Chiung-Chung	Male 49	June 15, 2020		June 26, 2017	--	--	49,000	0.03	--	--	None	Azusa Pacific University MBA Sales Division of Tainan Enterprise Co., Ltd. General Manager	Note 6					--
Director	R.O.C.	Tai Yang Investment Co., Ltd.		June 15, 2020		June 15, 2020	1,889,965	1.28	1,188,000	0.81	--	--	None	--	--	--	--	--	--	--

Job title	Nationality or place of registration	Name	Gender Age	Date on which current position was assumed (appointed)	Term of office	Commencement date of the first term	Quantity of shares held when appointed		Quantity of shares held currently		Shares held by their spouses, children of minor age		and held through nominees		Experience (academic background)	Position(s) held concurrently in the Company and/or in any other company	Spouse or relatives within the second degree of kinship acting as other managers, directors or supervisors			Remark
							Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
Juristic person representative	R.O.C.	Yang Shun-Hui	Male 65	June 15, 2020		June 15, 2020	--	--	--	--	--	--	None	Department of Economics, Tunghai University General Manager of Tainan Enterprises Co., Ltd.	Note 7	--	--	--		
Director	R.O.C.	CHC International Investment Co., Ltd.		June 15, 2020		June 15, 2020	9,521,000	6.47	9,521,000	6.47				--	--	--	--			
Juristic person representative	R.O.C.	Fang Yen-Ling	Female 64	June 15, 2020		June 15, 2020	--	--	--	--	--	--	None	Doctor of Philosophy - Finance, Xiamen University Vice Chairman of KPMG	--	--	--	--		
Independent Director	R.O.C.	Lien King-Biau	Male 75	June 15, 2020		June 26, 2017	--	--	--	--	--	--	None	NCCU Department of Statistics Executive President of TUNTEX INCORPORATION	--	--	--	--	--	
Independent Director	R.O.C.	Pai Chung-Lian	Male 71	June 15, 2020		June 26, 2017	--	--	--	--	--	--	None	Doctor of Philosophy - Management Chairman of Ogilvy Taiwan	--	--	--	--	--	
Independent Director	R.O.C.	Li Chih-Kuang	Male 56	June 15, 2020		September 22, 2017	--	--	--	--	--	--	None	MBA, NCCU Chairman of CHIALIN PRECISION INDUSTRIAL	--	--	--	--	--	

Note 1: Yang Ching-Hon serves as the Chairman of Ching Feng Investment Co., Ltd., Ting Song Investment Co., Ltd., Gao Qing Global Co. Ltd., TONYWEAR, Gao Qing Development (Samoa) Co., Ltd., Tainan Enterprise (BVI), Tainan Enterprise (Indonesia), Tainan Enterprise (Vietnam), Gao Qing (Yihsing), Tainan Enterprise (Cayman) Co., Ltd., Zhoukou Tainan Garments Co., Ltd. and An Da Co., Ltd.; Director of NELSON SPORT CO., LTD., Changzhou Gao Qing Shopping Mall Co., Ltd., Gao Qing (Nanjing) Shopping Mall Co., Ltd.; and Supervisor of Jing Da Development Co., Ltd., Jing Zong Investment Co., Ltd. and Da Yi Investment Co., Ltd.

Note 2: Wang Fang-Chung serves as the Chairman of Jing Da Development Co., Ltd., Da Yi Investment Co., Ltd. and Jing Zong Investment Co., Ltd.; Director of NELSON SPORT CO., LTD., Gao Qing Fashion Co., Ltd., Gao Qing Development (Samoa) Co., Ltd., Tainan Enterprise (Cayman) Co., Ltd., Gao Qing Global Co. Ltd., Changzhou Gao Qing Shopping Mall Co., Ltd., Ting Song Investment Co., Ltd., Gao Qing (Nanjing) Shopping Mall Co., Ltd. and Guanjia (Shanghai) Fashion. Co., Ltd.; and Supervisor of Ching Feng Investment Co., Ltd.

Note 3: Yang Yin-Ying serves as the Chairman of Tien Mei Investment Co., Ltd; and Director of Tai Yang Investment Co., Ltd., Ching Feng Enterprise Co., Ltd. and Aimei Investment Co., Ltd.

Note 4: Yang Fu-Ching serves as the Chairman of Ri Fu Investment Co., Ltd. and Tai Yang Investment Co., Ltd.; and Supervisor of Ching Feng Enterprise Co., Ltd..

Note 5: Wu Tao-Chang serves as the representative of Xin Zhan Co., Ltd. and Zhong Jie Co., Ltd.; Chairman of Liang Dao Investment Co., Ltd.; Director of Ching Feng Enterprise Co., Ltd., Changzhou Gao Qing Shopping Mall Co., Ltd. and Gao Qing (Nanjing) Shopping Mall Co., Ltd.; and Juristic Person Representative of Pin Shun Garment MFG.

Co., Ltd. appointed by T&G Fashion Co., Ltd..

Note 6: Su Chiung-Chung serves as the Chairman of Hsin Wang Ai Investment Co.,Ltd ; and General Manager of Jin Su Wan Enterprise Co., Ltd. and Beyoung Fashion Co., Ltd..

Note 7: Yang Shun-Hui serves as the General Manager of Tainan Enterprise Co., Ltd., Chairman of Beyoung Fashion Co., Ltd., and also Chairman of T&G Fashion Co., Ltd..

1. Major shareholders of the juristic person shareholders

December 31, 2021

Name of Juristic Person Shareholder	Major Shareholder of Juristic Person Shareholder
Jing Da Development Co., Ltd.	Da Yi Investment Co., Ltd. (99.99%), and other shareholders holding no more than 10% of the shares (0.01%)
Tian Mei Investment Co., Ltd.	Yang Yin-Ying (95.69%), and other shareholders holding no more than 10% of the shares (4.31%)
Ri Fu Investment Co., Ltd.	Yang Fu-Ching (66.71%), Trust Property Account Managed by Huang Yu-Sung (32.88%), and other shareholders holding no more than 10% of the shares (0.41%)
Liang Dao Investment Co., Ltd.	Wu Dao-Chang (66.89%), Yang Hui-Hsin (31.92%), and other shareholders holding no more than 10% of the shares (1.19%)
Hsin Wang Ai Investment Co.,Ltd	Paul Investment Co., Ltd. (52.20%), Wang Yang Nai-Hui (18.98%), Wang I-Ching (10.53%), Wang I-Ting (10.53%), and other shareholders holding no more than 10% (7.76%)
Tai Yang Investment Co., Ltd.	Ri Fu Investment Co., Ltd. (14.61%), Zhong Yang Investment Co., Ltd. (10.70%), Paul Investment Co., Ltd. (10.14%), Hsin Wang Ai Investment Co.,Ltd (10.14%), Tian Mei Investment Co. Ltd. (8.96%), Jun Dao Investment Co., Ltd. (8.95%), Liang Dao Investment Co., Ltd. (8.95%), Ai Mei Investment Co., Ltd. (8.95%), and other shareholders holding no more than 5% of the shares (18.60%)
CHC International Investment Co., Ltd..	CMC Magnetics Corp. (100%)

2. Major shareholders of said major shareholders which are juristic persons

December 31, 2021

Name of Juristic Person	Major Shareholder of Juristic Person
Da Yi Investment Co., Ltd.	Wang Fang-Chung (97.09%), and other shareholders holding no more than 10% of the shares (2.91%)
Paul Investment Co., Ltd.	Wang Po-Ya (17.55%), Wang Yang Nai-Hui (17.37%), Wang I-Ching (20.64%), Wang I-Ting (20.64%), Su Chiung-Chung (11.76%), and other shareholders holding no more than 10% of the shares (12.04%)
CMC Magnetics Corp.	Wong Ming-Sen (7.94%), and other shareholders holding no more than 3% of the shares (92.06%)

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

December 31, 2021

Criteria Name	Professional qualifications <u>and</u> <u>experience</u> (Note 1)	Status of independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
Yang Ching-Hon	Chairman of Tainan Enterprises Co., Ltd. Not a person with any of the circumstances under Article 30 of the Company Act.	-	-
Wang Fang-Chung	Director of Tainan-KY Not a person with any of the circumstances under Article 30 of the Company Act.	-	-
Yang Shun-Hui	General manager of Tainan Enterprises Co., Ltd. Not a person with any of the circumstances under Article 30 of the Company Act.	-	-
Fang Yan-Ling	Vice Chairman of KPMG Not a person with any of the circumstances under Article 30 of the Company Act.	-	-
Yang Yin-Ying	General manager of Tainan Enterprises Co., Ltd. Not a person with any of the circumstances under Article 30 of the Company Act.	-	-
Wu Tao-Chang	General manager of Tainan Enterprises Co., Ltd. Not a person with any of the circumstances under Article 30 of the Company Act.	-	-
Yang Fu-Ching	General manager of Tainan Enterprises Co., Ltd. Not a person with any of the circumstances under Article 30 of the Company Act.	-	-
Su Chiung-Chung	General manager of Tainan Enterprises Sales Division Not a person with any of the circumstances under Article 30 of the Company Act.	-	-

Criteria Name	Professional qualifications <u>and</u> <u>experience</u> (Note 1)	Status of independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
Pai Chung-Lian	Chairman of Ogilvy & Mather Taiwan Member of Audit Committee Not a person with any of the circumstances under Article 30 of the Company Act.	None of the individual, spouse, and relative within second degree of kinship or other relatives is a director, supervisor or employees of the Company, its affiliates or companies with which the Company has specific relationships Not a person who is a director, supervisor or employee of a company with which Company has specific relationships (refer to Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). Not a person who had provided commercial, legal, financial or accounting services to the Company or its affiliates in the last two years"	-
Li Chih-Kuang	Member of Audit Committee Chairman of Chialin Precision Industrial Co., Ltd. CPA of Foreverray CPAs Firm Not a person with any of the circumstances under Article 30 of the Company Act.	None of the individual, spouse, and relative within second degree of kinship or other relatives is a director, supervisor or employees of the Company, its affiliates or companies with which the Company has specific relationships Not a person who is a director, supervisor or employee of a company with which Company has specific relationships (refer to Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). Not a person who had provided commercial, legal, financial or accounting services to the Company or its affiliates in the last two years"	1

Criteria Name	Professional qualifications <u>and</u> <u>experience</u> (Note 1)	Status of independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
Lien King-Biau	Member of Audit Committee Chief Executive Officer of Tuntex Incorporation Not a person with any of the circumstances under Article 30 of the Company Act.	None of the individual, spouse, and relative within second degree of kinship or other relatives is a director, supervisor or employees of the Company, its affiliates or companies with which the Company has specific relationships Not a person who is a director, supervisor or employee of a company with which Company has specific relationships (refer to Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). Not a person who had provided commercial, legal, financial or accounting services to the Company or its affiliates in the last two years"	1

4. Diversity and Independence of the Board Meeting:

(1) Diversity of Board Meeting:

- A. The Board of Directors shall have members of diverse backgrounds. The Board Meeting shall formulate appropriate and diverse strategies based on how the Board works, type of operations and development needs, for which standards covering at least the following two aspects shall be included:
- a. Basic qualifications and value: including gender and age
 - b. Professional knowledge and skills: including professional background (such as management, business, facility, finance accounting) professional skills and industrial experience.
- B. The Board Meeting members shall have the necessary knowledge, skills, and experience for performing their duties. To achieve the ideal goal of corporate governance, the Board Meeting shall have the following abilities:
- a. ability to make operating judgment;
 - b. ability to perform accounting and financial analysis;
 - c. ability to conduct management administration;
 - d. ability to conduct crisis management;
 - e. industrial knowledge;
 - f. perspective of international market;
 - g. leadership;
 - h. ability to make decisions;
- C. The Board member diversity policy: the Company's Corporate Governance Best-Practice Principles have expressly defined that the election of directors should take into account the diversity and the Board Meeting's overall arrangements. The Regulations Governing the Election of Directors have expressly defined that the Board Meeting members shall have the necessary knowledge, skills and experience for performing their duties. The Board Meeting member diversity policy is stated as

following:

- a. Among 11 directors, 3 directors are employees of the Company, i.e. 27.27%.
 - b. The Company values the gender equality in the composition of the Board Meeting members and aims to elect the female directors accounting for more than one-thirds of the whole directors. For the time being, 11 directors include 7 male directors and 4 female directors. That is, the female directors account for 36.36%.
 - c. The Board members are all senior professionals covering the areas, such as business administration, business, facility, finance and accounting, international market and risk management, et al.
 - d. Among 11 directors, 3 directors have reached the age of 70 years, 6 directors 60 years old, 1 director 50 years old and 1 director 40 years old.
- (2) Independence of the Board Meeting: 3 independent directors, *i.e.*, 27.27%, all of whom are free from the circumstances referred to in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act and none of them is the spouse or relative within the second degree of kinship with any of the other directors.

Term of office of the current Board Meeting: June 15, 2020~June 14, 2023

Board Members	Basic Composition							Core Competency					
	Nationality	Gender	Concurrently work as the Company's employee	Age				Independent Director Seniority Less than 9 years	Business Administration	Facility	Finance Accounting	International Market	Risk Administration
				30~39	40~49	50~59	More than 60						
Yang Ching-Hon	R.O.C.	Male	•				•		•			•	•
Jing Da Development Co., Ltd. Representative: Wang Fang-Chung	R.O.C.	Female					•		•			•	•
Tian Mei Investment Co., Ltd. Representative: Yang Yin-Ying	R.O.C.	Female					•		•			•	•
Ri Fu Investment Co., Ltd. Representative: Yang Fu-Ching	R.O.C.	Female					•		•		•	•	•
Liang Dao Investment Co., Ltd. Representative: Wu Tao-Chang	R.O.C.	Male					•		•	•		•	•
Hsin Wang Ai Investment Co.,Ltd Representative: Su Chiung-Chung	R.O.C.	Male	•		•				•	•		•	•
Tai Yang Investment Co., Ltd. Representative: Yang Shun-Hui	R.O.C.	Male	•				•		•	•		•	•
CHC International Investment Co., Ltd.. Representative: Fang Yan-Ling	R.O.C.	Female					•		•	•		•	•
Lien King-Biau	R.O.C.	Male					•	•	•	•		•	•
Pai Chung-Lian	R.O.C.	Male					•	•	•			•	•
Li Chih-Kuang	R.O.C.	Male				•		•	•		•	•	•

Note 1: The percentage of the Company's directors who are also the Company's employees: 3/11 (27.27%)

Note 2: The percentage of the independent directors: 3/11 (27.27%)

Note 3: The percentage of the female directors: 4/11 (36.36%)

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

December 31, 2021

Unit: Share; %

Job title	Nationality or place of registration	Name	Gender	Date on which current position was assumed (appointed)	Quantity of shares held when appointed		Shares held by their spouses, children of minor age		and held through nominees		Experience (academic background)	Position(s) held concurrently in the Company and/or in any other company	Spouse or relatives within the second degree of kinship acting as other managers, directors or supervisors		
					Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship
General Manager	R.O.C.	Yang Shun-Hui	Male	January 1, 2018	—	—	—	—	—	—	Department of Economics, Tunghai University	—	—	—	—
Director/General Manager of Sport Business Division	R.O.C.	Su Chiung-Chung	Male	June 24, 2002	49,000	0.03	—	—	—	—	EMBA, NTU	—	—	—	—
CFO	R.O.C.	Wu Chien-Der	Male	April 16, 2018	1,500	—	—	—	—	—	UIUC Master Science of Finance. Vice General Manager of Lion Travel Service Co., Ltd.	—	—	—	—
Senior Executive Vice President of President Office and Logistics Management Division	R.O.C.	Wang Sheng-Po	Male	July 1, 2016	26,000	0.02	—	—	—	—	EMBA, NCKU Manager, General Manager Office of Tainan Enterprise Co., Ltd.	—	—	—	—
Executive Vice President of Sales Dept.	R.O.C.	Huang Hsin-Hsin	Female	July 1, 2016	4,000	—	—	—	—	—	Department of International Trade, Takming University of Science and Technology Senior Manager, Sales Division of Tainan Enterprise Co., Ltd.	—	—	—	—
Executive Vice President of Development Division	R.O.C.	Ke Ying-Hsuan	Female	August 4, 2016	26,031	0.02	—	—	—	—	Department of Fashion Design, University of London Manager, Sales Dept. of Tainan Enterprise Co., Ltd.	—	—	—	—

Job title	Nationality or place of registration	Name	Gender	Date on which current position was assumed (appointed)	Quantity of shares held when appointed		Shares held by their spouses, children of minor age		and held through nominees		Experience (academic background)	Position(s) held concurrently in the Company and/or in any other company	Spouse or relatives within the second degree of kinship acting as other managers, directors or supervisors		
					Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship
Manager of Accounting Dept.	R.O.C.	Tsai Chen-Chih	Male	October 2021	11,000	—	—	—	—	—	Master Program, Department of Accounting, Tamkang University Manager of Chien Kuo Construction Co., Ltd.	—	—	—	—
Internal audit officer	R.O.C.	Chu Chen-Chi	Female	May 12, 2008	6,050	—	—	—	—	—	Department of Accounting, Kun Shan University Chief Auditor of Tainan Enterprise Co., Ltd.	—	—	—	—

Remark: If the Company's Chairman and General Manager or equivalent (the supreme management) of the Company are the same person, spouses or relatives within the first degree of kinship, please disclose the reason, rationality, necessity and responsive measures (e.g., increasing the seats of independent director, and a majority of directors prohibited from serving as employees or managers concurrently): None.

III. Compensation paid to Directors, Supervisors, General Manager and Vice General Manager in the most recent year
 (1) Compensation to the general directors (disclosure of individual director's name and compensation)

December 31, 2021

Unit: NTD Thousand; Share: Thousand Shares

Job Title	Name (Note 1)	Compensation to directors								Employee compensation received by directors								The total amount of four items A, B, C, D, E, F and G as a percentage of net profit after tax (Note 10)	Compensation from investees other than subsidiaries or from the parent company (Note 11)						
		Remuneration (A) (Note 2)		Retirement Pension (B)		Compensation to directors (C) (Note 3)		Professional practice fees (D) (Note 4)		Salary, bonus and special allowance, et al. (E) (Note 5)		Retirement Pension (F)		Compensation to employees (G) (Note 6)											
		the Company	All companies in the financial statements (Note 7)	the Company	All companies in the financial statements (Note 7)	the Company	All companies in the financial statements (Note 7)	the Company	All companies in the financial statements (Note 7)	the Company	All companies in the financial statements (Note 7)	the Company	All companies in the financial statements (Note 7)	the Company's		All companies in the financial statements (Note 7)	the Company's			All companies in the financial statements					
														Amount in cash	Amount in stock	Amount in cash	Amount in stock								
Director	Chairman of the Board	Yang Ching-Hon	-	-	-	-	-	-	-	-	-	-	-	2,480	2,480	166	166					2,646	2,646	1,834	
	Juristic-person director	Jing Da Development Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Juristic-person representative	Wang Fang-Chung	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24	
	Juristic-person director	Tian Mei Investment Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Juristic-person representative	Yang Yin-Ying	-	-	-	-	-	-	-	-	-	-	-	-	-	17	17	-	-	-	-	17	17	-	
	Juristic-person director	Ri Fu Investment Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Juristic-person representative	Yang Fu-Ching	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Juristic-person director	Liang Dao Investment Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Juristic-person representative	Wu Tao-Chang	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24
	Juristic-person director	Hsin Wang Ai Investment Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Job Title	Name (Note 1)	Compensation to directors								Employee compensation received by directors								The total amount of four items A, B, C, D, E, F and G as a percentage of net profit after tax (Note 10)	Compensation from investees other than subsidiaries or from the parent company (Note 11)						
		Remuneration (A) (Note 2)		Retirement Pension (B)		Compensation to directors (C) (Note 3)		Professional practice fees (D) (Note 4)		The total amount of four items A, B, C and D as a percentage of net profit after tax (Note 10)		Salary, bonus and special allowance, et al. (E) (Note 5)		Retirement Pension (F)		Compensation to employees (G) (Note 6)									
		the Company	All companies in the financial statements (Note 7)	the Company	All companies in the financial statements (Note 7)	the Company	All companies in the financial statements (Note 7)	the Company	All companies in the financial statements (Note 7)	the Company	All companies in the financial statements	the Company	All companies in the financial statements (Note 7)	the Company	All companies in the financial statements (Note 7)	the Company's	All companies in the financial statements (Note 7)			the Company's	All companies in the financial statements				
														Amount in cash	Amount in stock	Amount in cash	Amount in stock								
Director	Juristic-person representative	Su Chiung-Chung	-	-	-	-	-	-	-	-	-	-	-	3,513	3,513	108	108	-	-	-	-	3,621	3,621	-	-
	Juristic-person director	Tai Yang Investment Enterprises Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Juristic-person representative	Yang Shun-Hui	-	-	-	-	-	-	-	-	-	-	-	6,258	6,258	108	108	-	-	-	-	6,366	6,366	-	-
Director	Juristic-person director	CHC International Investment Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Juristic-person representative	Fang Yan-Ling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Independent Director	Independent Director	Lien King-Biau	-	-	-	-	-	600	600	600	600	0.44	0.44	-	-	-	-	-	-	-	-	600	600	0.44	0.44
	Independent Director	Pai Chung-Lian	-	-	-	-	-	600	600	600	600	0.44	0.44	-	-	-	-	-	-	-	-	600	600	0.44	0.44
	Independent Director	Li Chih-Kuang	-	-	-	-	-	600	600	600	600	0.44	0.44	-	-	-	-	-	-	-	-	600	600	0.44	0.44

1. Please state the policies, systems, standards and structure of compensation to independent directors and the relationship between the compensation and the job responsibility, risk and engagement hours borne by the independent directors: per the Board Meeting's resolution in March 2021, no remuneration to directors was payable pursuant to the Company's Articles of Incorporation.

2. Compensation received by directors for providing service to any company included in the Financial Statements (e.g., consultancy service without the title of an employee) in the most recent year except those disclosed in the above table: None.

Note 1: Parent company only comprehensive income statement 2021 - current net loss NT\$135,104 thousand; consolidated comprehensive income statement - current net loss NT\$135,104 thousand.

Compensation Scale Table

Breakdown of compensation to directors	Name of director			
	Sum of the first 4 items (A + B + C + D)		Sum of the first 7 items (A + B + C + D + E + F + G)	
	the Company (Note 8)	All companies in the financial statements (Note 9) H	the Company (Note 8)	All companies in the financial statements (Note 9) I
Less than NT\$1,000,000	Lien King-Biau/ Pai Chung-Lian/ Li Chih-Kuang	Lien King-Biau/ Pai Chung-Lian/ Li Chih-Kuang	-	Wu Tao-Chang/ Wang Fang-Chung
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	-	-	-	-
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	-	-	Yang Ching-Hon	-
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	-	-	Su Chiung-Chung	Yang Ching-Hon/ Su Chiung-Chung
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	-	-	Yang Shun-Hui	Yang Shun-Hui
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)	-	-	-	-
More than NT\$100,000,000	-	-	-	-
Total	3	3	3	5

Note 1: Directors' names shall be identified one by one (juristic-person shareholders shall be identified by the name and representative individually).

The general directors and independent directors shall be identified one by one and the various payments shall be summarized and then disclosed. Any director who serves as the General Manager or Vice General Manager concurrently shall be disclosed in this table and the following Table (3).

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

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

Note 4: Note 4: The professional practice fees for services rendered in the most recent year (including travel allowances, special allowances, various subsidies, accommodation, corporate vehicles and other in-kind benefits). Where housing, cars, vehicles, or personal allowances were granted, please also disclose the nature and cost of assets, the rental rates (calculated based on actual or fair value), costs of petrol and other subsidies. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to

drivers, but do not count them as part of the compensation paid to the above beneficiaries.

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

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

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

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

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

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

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

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

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

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

(2) Compensation to supervisors

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

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

December 31, 2021

Unit: NTD Thousand; Share: Thousand Shares

Job Title	Name	Salary (A) (Note 2)		Retirement Pension (B)		Bonus and Special Allowance, etc. (C) (Note 3)		Compensation to Employee (D) (Note 4)				The total amount of four items A, B, C and D as a percentage of net profit after tax (Note 8)		Compensation from investees other than subsidiaries or the parent company (Note 9)
		the Company	All companies in the financial statements (Note 5)	the Company	All companies in the financial statements (Note 5)	the Company	All companies in the financial statements (Note 5)	the Company		All companies in the financial statements (Note 5)		the Company	All companies in the financial statements	
								Cash Amount	Stock Amount	Stock Amount	Stock Amount			
General Manager	Yang Shun-Hui	5,657	5,657	108	108	601	601	-	-	-	-	6,366 4.71	6,366 4.71	None
General Manager, Sports Management Division	Su Chiung-Chung	1,792	1,792	108	108	1,721	1,721	-	-	-	-	3,621 2.68	3,621 2.68	None
CFO	Wu Chien-Der	1,330	1,330	79	79	731	731	-	-	-	-	2,140 1.58	2,140 1.58	None

Note: Parent company only consolidated income statement 2021 - current net loss NT\$135,104 thousand; consolidated comprehensive income statement - current net loss NT\$135,104 thousand.

Compensation Scale Table

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

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

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

Note 3: Please specify other forms of compensation such as bonus, incentives, travel allowances, special allowances, other allowances, dormitory, corporate vehicles or other in-kind benefits made to the General Manager and Vice General Manager in the most recent year. Where housing, cars, vehicles or personal allowances were granted, please also disclose the nature and cost of assets, the rental rates (calculated based on the actual or fair value), costs of petrol and other subsidies. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries. Part of the salary expense was recognized according to IFRS 2 - "Share-based Payment," including employee stock options, RSAs and subscription for new shares upon cash capital increase are treated as compensation.

- Note 4: It refers to the amount of employee remuneration distributed to the General Manager and Vice General Manager (including stocks and cash), which the Board of Directors has passed as part of the most recent earnings appropriation. If it is impossible to impute the same, the amount to be distributed this year shall be based on that distributed actually last year, and please also complete Table (4).
- Note 5: Please disclose the total compensation paid by all companies included in the consolidated financial statements (including the Company) to the General Manager and Vice General Manager.
- Note 6: The aggregate of the compensation to each general manager and vice general manager by the Company shall include the general manager's or vice general manager's name disclosed in the relevant space of the following table.
- Note 7: Please disclose the aggregate of the compensation paid by all companies included in the consolidated financial statements (including the Company) to each general manager and vice general manager, which shall include the general manager's or vice general manager's name disclosed in the relevant space of the following table.
- Note 8: Net income refers to the amount of after-tax profit shown in the most recent parent company only or separate report.
- Note 9: a. This field represents all forms of compensation the General Manager and Vice General Manager have received from the Company's invested businesses other than subsidiaries, or parent company. (If none, please specify "None".)
- b. If the Company's General Manager and Vice General Manager have received compensation from investees other than subsidiaries, or the parent company, please include the same in Section E in the following table and change the name of the section to "parent company and all investees."
- c. The compensation refers to any compensation or return (including compensations received as an employee, director and supervisor) and professional service fees which the Company's General Manager and Vice General Manager received for serving as directors, supervisors or managers in invested businesses other than subsidiaries or the parent company.

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

(4) Compensation to Top 5 senior managers (names and compensation thereof to be disclosed individually)

December 31, 2021

Unit: NTD Thousand; Share: Thousand Shares

Job Title	Name	Salary (A) (Note 2)		Retirement Pension (B)		Bonus and Special Allowance, etc. (C) (Note 3)		Compensation to Employee (D) (Note 4)				The total amount of four items A, B, C) and D as a percentage of net profit after tax (Note 6)		Compensation from investees other than subsidiaries or the parent company (Note 7)
		the Company	All companies in the financial statements (Note 5)	the Company	All companies in the financial statements (Note 5)	the Company	All companies in the financial statements (Note 5)	the Company		All companies in the financial statements (Note 5)		the Company	All companies in the financial statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman of the Board	Yang Ching-Hon	2,210	2,210	166	166	270	270	-	-	-	-	2,646 1.96	2,646 1.96	1,834
General Manager	Yang Shun-Hui	5,657	5,657	108	108	601	601	-	-	-	-	6,366 4.71	6,366 4.71	None
General Manager, Sport Management Division	Su Chiung-Chung	1,792	1,792	108	108	1,721	1,721	-	-	-	-	3,621 2.68	3,621 2.68	None
CFO	Wu Chien-Te	1,330	1,330	79	79	731	731	-	-	-	-	2,140 1.58	2,140 1.58	None
Assistant Vice President of the Development Dept.	Ke Ying-Hsuan	985	985	58	58	541	541	-	-	-	-	1,584 1.17	1,584 1.17	None

Note: Parent company only consolidated income statement 2021 - current net loss NT\$135,104 thousand; consolidated comprehensive income statement - current net loss NT\$135,104 thousand.

Compensation Scale Table

Compensation scale for the Company's General Manager and Vice General Manager	Names of the General Manager and Vice General Manager	
	the Company (Note 6)	All companies in the financial statements (Note 7) E
Less than NT\$1,000,000	-	-
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	Ke Ying-Hsuan	Ke Ying-Hsuan
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	Yang Ching-Hon/ Wu Chien-Der	Wu Chien-Der
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	Su Chiung-Chung	Su Chiung-Chung/ Yang Ching-Hon
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Yang Shun-Hui	Yang Shun-Hui
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)	-	-
More than NT\$100,000,000	-	-
Total	5	5

Note 1: The “Top 5 Senior Managers” refer to the Company's management. The standards governing identification of the management shall be subject to the requirements applicable to the “management” referred to in the letter of Securities and Futures Commission, Ministry of Finance under Tai-Cai-Zhen-3-Zi No. 0920001301 dated March 27, 2003. The principles for calculating the remuneration to the “top 5 senior managers” are based on the total of the Salaries, Retirement Pension, Bonuses and Allowances received by the managers from the companies included in the consolidated financial companies, and the employment remuneration received by them (namely, the sum of A+B+C+D). Then, the top 5 senior managers are identified as the top 5 managers receiving the highest remuneration in order. Any directors who serve as said managers concurrently shall be disclosed in this table and Table (1).

Note 2: Please specify the salaries, allowances and severance payments made to the top 5 senior managers in the most recent year.

Note 3: Please specify other forms of compensation such as bonus, incentives, travel allowances, special allowances, other allowances, dormitory, corporate vehicles or other in-kind benefits made to the top 5 senior managers in the most recent year. Where housing, cars, vehicles or personal allowances were granted, please also disclose the nature and cost of assets, the rental rates (calculated based on the actual or fair value), costs of petrol and other subsidies. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries. Part of the salary expense was recognized according to IFRS 2 -

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

Note 4: It refers to the amount of employee remuneration distributed to the Top 5 senior managers (including stocks and cash), which the Board of Directors has passed as part of the most recent earnings appropriation. If it is impossible to impute the same, the amount to be distributed this year shall be based on that distributed actually last year, and please also complete Table 1-3.

Note 5: Please disclose the total compensation paid by all companies included in the consolidated financial statements (including the Company) to the top 5 senior managers.

Note 6: Net income refers to the amount of after-tax profit shown in the most recent parent company only or separate report.

Note 7: a. This field represents all forms of remuneration the top 5 senior managers have received from the Company's invested businesses other than subsidiaries or the parent company. (If none, please specify "None".)

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

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

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

December 31, 2021
Unit: NT\$ Thousand

	Job Title (Note 4)	Name (Note 4)	Amount in stock	Amount in cash	Total	Total as a percentage of net income (%)
Manager	General Manager	Yang Shun-Hui				
	General Manager, Sport Management Division	Su Chiung-Chung				
	CFO	Wu Chien-Der				
	General Manager Office and concurrently Senior Assistant Vice President of the Logistics Management Division	Wang Sheng-Po	—	—	—	—
	Assistant Vice President, Sales Dept.	Huang Hsin-Hsin				
	Assistant Vice President of the Development Dept.	Ke Ying-Hsuan				
	Manager of the Accounting Dept.	Tsai Chen-Chih				

Note: Parent company only consolidated income statement 2021 - current net loss NT\$135,104 thousand; consolidated comprehensive income statement - current net loss NT\$135,104 thousand.

Note 1: Please disclose the name and job title individually, while the distribution of earnings may be summarized and then disclosed.

Note 2: It refers to the amount of employee bonuses distributed to managers (including stocks and cash), which the Board of Directors has passed as part of the most recent earnings appropriation. If it is impossible to impute the same, the amount to be distributed this year shall be based on that distributed actually last year. Net income refers to that in the most recent year: If IFRSs have been adopted, net income shall refer to the amount of after-tax profit shown in the most recent parent company only or consolidated report.

Note 3: The scope of managers shall be defined in the following manner, per the Commission's decree under Tai-Tsai-Cheng-3-Tze No. 0920001301 dated March 27, 2003:

- (1) General Manager and equivalents;
- (2) Vice General Manager and equivalents;
- (3) Assistant Vice President and equivalents;
- (4) Chief of Financial Dept.;
- (5) Chief of Accounting Dept.;
- (6) Any other persons in charge of the Company's affairs and entitled to sign instruments on behalf of the Company.

Note 4: If any director, General Manager or Vice General Manager has received employee remuneration (including stocks and cash), please complete Table (1) and also this Table.

- (6) The analysis of salary to directors, supervisors, general managers and vice general managers of the Company paid by the Company and companies included in the consolidated financial statements in proportion to the net income in the most recent two years.

Total as a percentage of remuneration to net profit after tax (%)	2021		2020	
	the Company's	All companies in the financial statements	the Company's	All companies in the financial statements
Director	1.33	1.33	-	-
Supervisor	-	-	-	-
General Manager and Vice General Manager	8.97	8.97	3.46	3.46

1. The Company's remuneration policy applicable to the directors, supervisors, general managers and vice general managers is adopted pursuant to the Company Act, and varies depending on the Company's business performance and future risks.
2. The increase in compensation to the general managers and vice general managers to the net profit after tax ratio in the current period from the previous period is primarily a result of the decline in the net profit after tax in the current period less than that in the previous period.

IV. Corporate governance implementations

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

1. The term of office for the 21st term Board Meeting was from June 15, 2020 to June 14, 2023, and in 2021, 4 meetings [A] were held and the attendance of directors was as follows:
December 31, 2021

Job Title	Name	Actual attendance (times) [B]	Attendance by proxy (times)	Actual attendance (%) [B/A]	Remark
Chairman of the Board	Yang Ching-Hon	4	-	100%	-
Director	Representative of Jing Da Development Co., Ltd.: Wang Fang-Chung	3	-	75%	-
Director	Representative of Tian Mei Investment Co., Ltd.: Yang Yin-Ying	4	-	100%	-
Director	Representative of Ri Fu Investment Co., Ltd.: Yang Fu-Ching	4	-	100%	-
Director	Representative of Liang Dao Investment Co., Ltd.: Wu Tao-Chang	4	-	100%	-
Director	Representative of Hsin Wang Ai Investment Co., Ltd.: Su Chiung-Chung	4	-	100%	-
Director	Representative of Tai Yang Investment Co., Ltd.: Yang Shun-Hui	4	-	100%	-
Director	Representative of Chc International Investment Corporatin.: Fang Yan-Ling	4	-	100%	-
Independent Director	Lien King-Biau	4	-	100%	-
Independent Director	Pai Chung-Lian	4	-	100%	-
Independent Director	Li Chih-Kuang	4	-	100%	-

Other disclosures to be noted:

- I. If the operation of the Board Meeting is under any of the following circumstances, the date, period, proposal content, all independent directors' opinions and the Company's handling of their opinions should be described:
 - (I) Conditions described in Article 14-3 of the Securities and Exchange Act.
 - (II) In addition to the previous matters, other board meeting resolutions that have been opposed or reserved by independent directors with records or written statements:
No such situation.
- II. For directors' recusal from motions which involves conflict of interest, the names of independent directors, contents of the motions, reasons of the recusal for conflict of interest, and participation in voting must be disclosed.
No such situation.
- III. Listed companies should disclose information on the periodicity and duration, scope, method and content of the self-evaluation (or peer evaluation) by the Board Meeting.
The implementation of the evaluation of the Board Meeting should also be presented in Schedule 2(2).
- IV. Evaluation of the current and most recent year's objectives for enhancing the functions of the Board Meeting (e.g., establishing an audit committee, enhancing information transparency, etc.) and their implementation.

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

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

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

2.The evaluation of the Board Meeting: Executed in March 2022.

December 31, 2021

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Evaluation scope (Note 3)	Evaluation method (Note 4)	Evaluation content (Note 5)
Once a year	2021/01/01 ~ 2021/12/31	The entire Board Meeting	Internal self-evaluation of the Board Meeting	1. The extent of participation in the Company's operations. 2. Improvement in the quality of the Board Meeting's decision-making. 3. Composition and structure of the Board Meeting. 4. Election and continuing education of directors. 5. Internal control The evaluation results of the above: → Functioning normally and performing well
Once a year	2021/01/01 ~ 2021/12/31	Individual Board members	Self-evaluation of directors	1. Alignment of the Company's objectives and tasks. 2. Perception of directors' responsibilities. 3. The extent of participation in the Company's operations. 4. Internal relationship management and communication 5. Professionalism and continuing education of directors. 6. Internal control The evaluation results of the above: → Participating and communicating well
Once a year	2021/01/01 ~ 2021/12/31	Functional committees	Peer evaluation	1. The extent of participation in the Company's operations. 2. Perception of functional committees' responsibilities. 3. Quality of the functional committee's decision-making. 4. Composition and member appointment of functional committees. 5. Internal control The evaluation results of the above: → Functioning normally, in good condition

Note 1: The cycle of execution of the Board Meeting's evaluation, e.g., once a year.

Note 2: The period covered by the Board Meeting's evaluation, e.g., the evaluation of the Board of Directors' performance from January 1, 2020 to December 31, 2020.

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

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

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

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

- (3) Performance evaluation of functional committees: participation in company operations, awareness of functional committee responsibilities, quality of functional committee decisions, composition and selection of functional committee members, internal control, etc.

(II) Audit Committee operations, or supervisors' involvement in the Board Meeting: :

1. Audit Committee's involvement in the Board's operations: 2nd Audit Committee from June 15, 2020 to June 14, 2023. A total of 4 Board Meeting **【A】** were held in 2021. Below are the independent directors' attendance records:

December 31, 2021

Job Title	Name	Actual attendance (times) (B)	Attendance by proxy (times)	Actual attendance rate (%) (B/A) (Notes 1 and 2)	Remark
Independent Director	Lien King-Biau	4	-	100%	-
Independent Director	Pai Chung-Lian	3	-	75%	-
Independent Director	Li Chih-Kuang	4	-	100%	-

Other disclosures to be noted:

- I. For the Audit Committee meetings that meet any of the following descriptions, state the date, session, contents of motions, independent directors' dissenting opinions, qualified opinions or important suggestions, Audit Committee meeting resolution, and how the Company has responded to the Audit Committee members' opinions.
- (I) Conditions described in Article 14-5 of the Securities and Exchange Act.
- (II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors.
None.
- II. For independent directors' recusal from motions which involves conflict of interest, the names of independent directors, contents of the motions, reasons of the recusal for conflict of interest, and participation in voting must be disclosed.
No motions involving any conflict of interest with independent directors existed.
- III. Communication between independent directors and chief internal auditor/external auditors (e.g., discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome):
The independent directors have communicated with the chief internal auditor and external auditors for a total of three times in 2021, as disclosed on the Company's official website – Corporate Governance Section.

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

Evaluation item	Implementation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
	Yes	No	Summary description	
I. Has the Company adopted and disclosed its corporate governance best practice principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?"	V		The Company has adopted the "Corporate Governance Best Practice Principles" on August 4, 2017, in order to help the Company establish the effective corporate governance framework and fair corporate governance system. Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
II. The Company's Equity Structure and Shareholders' Equity (1) Does the Company have the internal procedures regulated to handle shareholders' suggestions, questions, disputes and legal actions in place, and have the procedures been implemented accordingly?	V		The Company has appointed the personnel dedicated to the shareholders service affairs, and designated the spokesperson and deputy spokesperson to process any shareholders' suggestions, questions, disputes and legal actions. Meanwhile, legal advisors are available to provide the consulting services for related legal problems.	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(2) Does the Company possess the list of the Company's major shareholders of ultimate controllers and the list of the ultimate controllers of the major shareholders?	V		The Company has possessed the profile of major shareholders, changes in and pledge of shareholdings of directors/supervisors and also the major shareholders of juristic person directors/supervisors, which have been reported as required and disclosed on the MOPS.	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(3) Has the Company established and implemented the risk control and firewall mechanism with its affiliated companies?	V		The Company has adopted the "Regulations Governing Supervision of Subsidiaries." The affiliates' assets and accounting affairs are operating independently, handled by dedicated personnel and controlled/audited by the parent company.	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
	Yes	No	Summary description	
(4) Does the Company adopt internal policies that prevent insiders from trading securities using unpublished market information?	V		The Company has adopted the “Regulations Governing Prevention of Insider Trading” to prevent any insider trading.	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
III. Composition and Responsibilities of the Board Meeting (1) Does the Board Meeting have member diversification policies in place, managing the objectives and implementing the same substantively?	V		The Company’s Board Meeting consists of 11 members (including 3 independent directors), who are elected based on the entire arrangement of the Board Meeting members. The Board Meeting members should hold the professional knowledge, skills and qualifications needed by them to perform their job duties in response to the Company’s business development needs, shareholdings and practical needs. Their related functions shall be governed by the Company’s Articles of Incorporation.	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(2) Does the Company, in addition to setting up the Salary Compensation Committee and Audit Committee pursuant to the laws, have other functional committees set up voluntarily?	V		The Company has set up the Salary Compensation Committee and also adopted the “Articles of Association for the Salary Compensation Committee.” The main functions: 1. Determine and periodically review the performance evaluation of directors, supervisors and managers, and the remuneration policies, systems, standards and structure; 2. Periodically evaluate and determine the remuneration to directors, supervisors and managers. The Company has set up the Audit Committee. According to the “Regulations Governing the Exercise of Powers by Audit Committees of Public Companies,” the Board Meeting on March 21, 2017 has resolved to adopt the Company’s “Articles of Association for the Audit Committee” upon unanimous approval of all the present directors. The Company has convened 4 Audit Committee meetings in 2021. The attendees included independent directors, an internal audit officer and CPAs, who engaged in discussion of important motions and also reporting on the Company’s important financial business and audit affairs.	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
	Yes	No	Summary description	
(3) Does the Company adopt a set of policies and assessment methods to evaluate the Board's performance, conduct the performance evaluation regularly at least on an annual basis, and submit the performance evaluation result to the Board Meeting and applied the same as reference for remuneration to individual directors and nomination?	V		The Company has adopted its "Corporate Governance Best Practice Principles" on August 4, 2017. Meanwhile, the Company plans to adopt the Regulations Governing the Board Meeting's Performance Evaluation in response to the "Corporate Governance Best Practice Principles."	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
	Yes	No	Summary description	
(4) Does the Company have the independence of the independent auditor evaluated regularly?	V		<p>The Company's existing independent auditors are non-related parties of the Company. The CPA firm also replaces the Company's independent auditors pursuant to the laws, in order to maintain the auditor's independence at all times. The Company had the independence of the independent auditors retained by the Company in 2021 evaluated at the Board of Directors meeting on November 9, 2021. The independent auditors retained by the Company, namely Tien Chung-Yu, CPA and Lin Tzu-Shu, CPA, have undergone the Company's assessment on independence and competence of the CPA as identified in the "Independent Auditor's Review Form." The assessment was reviewed and approved by the Audit Committee, and also approved by the Board Meeting unanimously. The assessment requirements include:</p> <p>(1) 12 indicators on the elements of independence, <i>e.g.</i> whether any former partner within one year of disassociating from the firm joins the Company as a director, manager or is in a key position to exert significant influence over the subject matter of the engagement.</p> <p>(2) 6 indicators on the exercise of independence, <i>e.g.</i> whether a professional accountant performs professional services fairly and objectively, and without bias, conflict of interest or stake that might exercise undue influence of others to override professional judgments?</p> <p>(3) 4 indicators on the competence, <i>e.g.</i> whether or not the CPA has records of any disciplinary action imposed by the CPA Discipline Committee within the most recent two years.</p> <p>(4) Other supplementary notes.</p> <p>(5) Evaluation and review opinions.</p>	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
	Yes	No	Summary description	
IV. Whether or not the TWSE/TPEX listed company assigns the adequate number of competent corporate governance officers, and appoints the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, provision to directors/supervisors the information needed by them to perform their duties, assistance to directors/supervisors in compliance, organization of the Board Meeting meetings and shareholders' meetings, and preparation of the Board Meeting and shareholders' meeting minutes, etc.)?	V		The Company's Chairman appoints the General Manager's Office personnel to assist in the corporate governance operations, and has the Finance Division personnel provide the directors with the information needed by them to perform their job duties and organize the Board Meeting and shareholders' meetings pursuant to the laws. The shareholders Stock Affairs Department is responsible for completing the Company's registration, registration of changes and production of board' meeting minutes.	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
V. Does the Company provide proper communication channels and create an investor relations section on its website to address the corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to, shareholders, employees, customers and suppliers)?	V		In order to fulfill the corporate social responsibility, and facilitate the balance and sustainable development of economic, social and environmental ecology, the Company adopts its "Corporate Social Responsibility Best Practice Principles" in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies," in order to establish the related communication channels between the Company and stakeholders, including the stakeholder section on the website. Meanwhile, the stakeholders may contact the Company via the Company's Tel. No. or e-mail address at any time. The communication channels are free from any blocks. the Company will respond to cases in a proper manner, subject to the circumstances.	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
VI. Does the Company engage a Shareholders Service Agency to handle the Shareholders' Meeting affairs?	V		The Company has engaged a Shareholders Service Agency to handle the Shareholders' Meeting affairs.	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
	Yes	No	Summary description	
VII. Information Disclosure (1) Has the Company set up a website to disclose the Company's business, finance and corporate governance information?	V		The Company has set up the website to disclose the Company's business, finance and corporate governance information.	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(2) Has the Company adopted other information disclosure methods (e.g., establishing an English website, designating personnel dedicated to collection and disclosure of the Company's information, implementing the spokesperson system, posting the investor conference on the Company's website, etc.)?	V		The Company has set up an English website, designated personnel dedicated to collection and disclosure of the Company's information, and also implemented the spokesperson system.	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(3) Whether or not the Company announces and reports the annual financial report within two months at the end of each fiscal year, and the financial report for Q1, Q2 and Q3 and monthly operation overview before the prescribed time limit?	V		The Company announces and reports the annual financial report within three months at the end of each fiscal year, and also announces the financial report for Q1, Q2 and Q3 and monthly operation overview within the prescribed time limit.	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
	Yes	No	Summary description	
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to, employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and the Company's purchase of liability insurance for directors and supervisors)?	V		<ol style="list-style-type: none"> 1. The Company plans stable management strategies to enhance the scope and quality of products and services, and improve the company's strength to have the Company grow with employees and customers simultaneously. Meanwhile, the Company keeps using its best effort to manage business, protect investors' interests and rights, and implement the environmental protection policy to protect resources on the earth. The Company also fulfills its corporate social responsibility with the aim of giving back to the society. 2. Continuing education of directors/supervisors: The Company's directors and supervisors have already completed the continuing education program hours in compliance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." The Company also asked the directors to attend the continuing education courses organized by the "Taiwan Corporate Governance Association" and receive the certificate of completion issued by the Association as proof in 2021. 3. Implementation of risk management policy, risk measurement, consumer protection policy or customer policy: The Company adopts the overall risk management and control system to identify all of the Company's risks (including market risk, credit risk, liquidity risk and cash flow risk), in order to enable the Company's management to engage in controlling and measuring the market risk, credit risk, liquidity risk and cash flow risk effectively. 4. The Company's purchase of liability insurance for directors and supervisors: (1) According to Article 39 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company shall report to the latest Board Meeting after purchasing or renewing the liability insurance for directors. (2) The Company reported to the Board Meeting that it has executed the contract with Fubon Insurance Co., Ltd. for renewal of the liability insurance for all of the Company's directors from January 1, 2021 to January 1, 2022. 	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
	Yes	No	Summary description	
<p>IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified. (Not required, if the Company is not included in the evaluated parties.)</p> <p>(1) Whether or not the Company has appointed the chief corporate governance officer to take charge of the corporate governance operations, and stated the scope of authority and continuing education programs on the Company's website and in the Company's annual report? 【If the chief corporate officer is not served by any staff of the Company concurrently, one additional score may be added to the total scores.】</p>	V		<p>1. Whether or not the Company has appointed the chief corporate governance officer to take charge of the corporate governance operations, and stated the scope of authority and continuing education programs on the Company's website and in the Company's annual report? 【If the chief corporate officer is not served by any staff of the Company concurrently, one additional score may be added to the total scores.】</p> <p>Improvement: The Company has resolved on March 22, 2022 Board Meeting that the Chief Financial Officer, Wu Chien-Der, should serve as the chief corporate governance officer concurrently.</p>	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
<p>(2) Whether or not the Company has uploaded the English meeting manual and supplemental meeting materials to the MOPS within 30 days before the date of the annual general meeting?</p>	V		<p>2. Whether or not the Company has uploaded the English meeting manual and supplemental meeting materials to the MOPS within 30 days before the date of the annual general meeting?</p> <p>Improvement: The Company would add the English meeting manual and supplemental meeting materials in 2021.</p>	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
	Yes	No	Summary description	
(3) Whether or not the Company has uploaded the English annual report within 7 days before the date of the annual general meeting? 【If the English annual report is uploaded within 16 days before the date of the annual general meeting, one additional score may be added to the total scores.】	V		3. Whether or not the Company has uploaded the English annual report within 7 days before the date of the annual general meeting? 【If the English annual report is uploaded within 16 days before the date of the annual general meeting, one additional score may be added to the total scores.】 Improvement: The Company would add the English annual report in 2021.	Therefore, the Company should be considered having executed the relevant affairs in the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

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

(4) If a remuneration committee or a nomination committee is established within the Company, the composition, functions and operations of such a committee must be disclosed:

The Company's Board Meeting established the Salary Compensation Committee and adopted the "Articles of Association for Salary Compensation Committee" on November 21, 2011. The term of office to be held by the Committee members were identical with that for the Board Meeting members. The term of office for 3rd Committee members commenced from June 26, 2017 until June 25, 2020. The Committee members were reelected on June 15, 2020. The term of office for 4th Committee members commences from June 15, 2020 until June 14, 2023. The current Remuneration Committee members consist of Mr. Lien King-Biau, Mr. Pai Chung-Lian and Mr. Li Chih-Kuang. The main functions: 1. Determine and periodically review the performance evaluation of directors, supervisors and managers, and the remuneration policies, systems, standards and structure; 2. Periodically evaluate and determine the remuneration to directors, supervisors and managers.

1. Information about Salary Compensation Committee members

Status (Note 1) Name	Criteria	Professional qualifications and experience (Note 2)	Status of independence (Note 3)	Number of other public companies in which the member serves as a Salary Compensation Committee member concurrently
Independent Director	Pai Chung-Lian	Chairman of Ogilvy and Mather Taiwan Member of Audit Committee Not a person with any of the circumstances under Article 30 of the Company Act.	None of the individual, spouse, and relative within second degree of kinship or other relatives is a director, supervisor or employees of the Company, its affiliates or companies with which the Company has specific relationships Not a person who is a director, supervisor or employee of a company with which Company has specific relationships (refer to Article 3, Paragraph 1, Sub-paragraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). Not a person who had provided commercial, legal, financial or accounting services to the Company or its affiliates in the last two years."	-
Independent Director	Li Chih-Kuang	Member of Audit Committee Chairman of Chialin Precision Industrial Co., Ltd. CPA of Foreverray CPAs Firm Not a person with any of the circumstances under Article 30 of the Company Act.	None of the individual, spouse, and relative within second degree of kinship or other relatives is a director, supervisor or employees of the Company, its affiliates or companies with which the Company has specific relationships Not a person who is a director, supervisor or employee of a company with which Company has specific relationships (refer to Article 3, Paragraph 1, Sub-paragraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). Not a person who had provided commercial, legal, financial or accounting services to the Company or its affiliates in the last two years."	1

Status (Note 1) Name	Criteria	Professional qualifications and experience (Note 2)	Status of independence (Note 3)	Number of other public companies in which the member serves as a Salary Compensation Committee member concurrently
Independent Director	Lien King-Biau	Member of Audit Committee Chief Executive Officer of TUNTEX INCORPORATION Not a person with any of the circumstances under Article 30 of the Company Act.	None of the individual, spouse, and relative within second degree of kinship or other relatives is a director, supervisor or employees of the Company, its affiliates or companies with which the Company has specific relationships Not a person who is a director, supervisor or employee of a company with which Company has specific relationships (refer to Article 3, Paragraph 1, Sub-paragraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). Not a person who had provided commercial, legal, financial or accounting services to the Company or its affiliates in the last two years."	1

Note 1: Please specify the related seniority, professional qualification and experience and independence of each Salary Compensation Committee member in the Table. For members who are also independent directors, references have been made to Attachment 1 - Directors' and Supervisors' Background (I) on page OO. Please describe the party's identity as director or others (with additional remark for the role of convener, if any).

Note 2: Professional qualification and experience: please specify the professional qualification and experience of the Salary Compensation Committee members individually.

Note 3: Compliance of independence: please specify the Salary Compensation Committee members' compliance of independence, including but not limited to, whether or not they or their spouses or relatives within 2nd degree of kinship serve as directors, supervisors or employees in the Company or any of its affiliates; the number and percentage of the Company's shares held in their own names or names of the spouses or relatives within 2nd degree of kinship (or proxy shareholder); whether or not they serve as directors, supervisors or employees in any entity that has certain relationship with the Company (please refer to the subparagraphs 5~8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Salary Compensation Committee of a Company whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and the amount of remuneration received in the last two years for providing commercial, legal, financial, accounting or other professional services to the Company and its affiliates.

2. Information on the operations of the Salary Compensation Committee

- (1) There are three members of the Salary Compensation Committee of the Company.
- (2) The term of office of this year's members: The fourth term of office is from June 15, 2020 to June 14, 2023. In 2021, 2 meetings were held[A], and the qualifications and attendance of members are as follows:

Job Title	Name	Actual attendance (times) (B)	Attendance by proxy (times)	Actual attendance rate (%) [B / A](Note)	Remark
Convener	Lien King-Biau	2	-	100%	-
Member	Pai Chung-Lian	2	-	100%	-
Member	Li Chih-Kuang	2	-	100%	-
Other disclosures to be noted:					
<ol style="list-style-type: none"> 1. If the Board Meeting does not adopt or amend the recommendations of the Salary Compensation Committee, it should state the date, period, proposal content, resolution of the board, and its handling of the Committee's opinions (if the remuneration approved by the Board is better than the recommendation proposed by the Committee, the difference and reasons should be stated): None. 2. For the proposals by the Salary Compensation Committee. If any members have objections or reservations with records or written statements, the date, period, proposal content, the opinions of all members, its handling of the members' opinions should be stated: None. 					

Note:1

- (1) Where a member of the Salary Compensation Committee may be relieved from duties before the end of the fiscal year, please specify the date of his/her discharge in the 'Remarks' Section. His/her actual attendance rate (%) to the meetings of the Committee shall be calculated on the basis of the number of meetings called and actual number of sessions he/she attended, during his/her term of office.
- (2) Where an election may be held for filling the vacancies of members of the Salary Compensation Committee before the end of the fiscal year, please list out both the new and the discharged Committee members and specify if they are the former members, or newly elected, re-elected, and also the date of the reelection. Their actual attendance rate (%) to the meetings of the Salary Compensation Committee shall be calculated on the basis of the number of meetings called and the actual number of sessions they attended, during the term of office.

3. Information on the members of the Nomination Committee and its operation: None.

(V) Implementation status of sustainable development:

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

Promoting item	Implementation status (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary description (Note 2)	
I. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board Meeting to be handled by senior management, and the supervision situation of the Board Meeting?	V		In 2004, the Company established a dedicated corporate social responsibility (CSR) unit, the “Sustainability & Quality Assurance Dept.”, which is responsible for implementing and enforcing relevant social responsibilities and managing the environmental and social compliance and responsibility performance of its overseas subsidiaries. We have also established a “CSR Working Group” to report to the Board of Directors on the status of implementation of sustainable development-related actions on a regular basis. Please refer to the organizational chart on page 7 of the 2020 Tainan Enterprises Sustainability Report for the detailed assignment of the Working Group. In addition, the Tainan Enterprise Culture and Arts Foundation also promotes social responsibility-related actions, cultivates local communities, and actively engages in sustainability-related activities in other counties and cities, and regularly reports the results of its activities to the directors every year. For detailed results, please see pages 74 to 82 of the 2020 Tainan Enterprises Sustainability Report.	None
II. Does the Company conduct risk evaluations on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note2)	V		The Company sends questionnaires to stakeholders and internal senior leaders to identify significant environmental, social and corporate governance-related issues based on the materiality principle, conducts risk identification based on the issues, evaluates the contents, and formulates corresponding management strategies and plans to control risks. For details of the issues identified based on the materiality principle, please refer to pages 11 to 15 of the 2020 Tainan Enterprises Sustainability Report, and for risk management, please refer to pages 26 to 28.	None
III. Environmental issues (I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	V		The Company has established environmental management systems in accordance with the local regulations of each plant. 1. With cloud-based energy monitoring system, we can monitor energy usage in the plants in Cambodia, Vietnam and Indonesia in real time. 2. We have introduced water saving machine and waste water recycling	None

Promoting item	Implementation status (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary description (Note 2)	
			<p>system to reduce water usage</p> <p>3. We use Higg FEM environmental management module to review annual environmental performance, regularly train employees and promote energy saving awareness to enhance the environmental management mechanism of each plant.</p>	
(II) Is the Company committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment?	V		<p>1. The Vietnam and Cambodia plants use biomass energy to fuel their boilers. The biomass energy made from rice bran and wood chips significantly reduces the use of coal and diesel. Tainan enterprises in Tainan are also promoting low-carbon homes in response to the government's policy to phase out industrial boilers and jointly promote air quality improvement by phasing out heavy oil boilers and replacing them with natural gas boilers, as natural gas is a low-polluting gas fuel, by the end of 2019 to reduce greenhouse gas emissions and improve air quality.</p> <p>2. The Vietnam plant has installed solar panels to provide 8,500 kWh of electricity for the daily nighttime streetlights, parking lot and related equipment, and was designed with a green building concept. The building designed with the green concept was certified by the US Green Building Council as a LEED International Green Building in 2017. It is an environmentally friendly green plant that helps reduce energy consumption and greenhouse gas emissions.</p> <p>3. In 2019, the Cambodian plant introduced fully automatic washing machines to address the problem of water scarcity. Compared with the traditional washing machine, the fully automatic washing machine can reduce the water bath ratio by 50%, and reduce the amount of chemical and waste water emissions at the same time. The large loading capacity and centralized dosing system reduce the variables and losses. In addition, the fully automatic washing machine can be operated by one person and multiple machines, using the computer program to set the bath ratio, temperature, rotation speed and dewatering of each section of the water washing, which can be completed in one machine. The advantages of small footprint and large loading capacity reduce the number of machines, cost and maintenance expenses, and improve the problem of wet and slippery floor in the working environment, reducing</p>	None

Promoting item	Implementation status (Note 1)		Summary description (Note 2)	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No		
			clothing contamination and work safety accidents. 4. All of Tainan Enterprises' overseas plants have passed the RCS (Recycled Claim Standard) certification, and use fabrics with at least 5% recycled content to separate production from general fabrics, ensuring that 100% of products are made from recycled materials. The use of recycled fabrics reduces the damage to the environment and the reliance on general fabrics, thus achieving the corporate goal of green and sustainable production.	
(III) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take corresponding measures to respond to climate related issues?	V		The Company has made the financial disclosures related to climate change in the TCFD, evaluated the risks that climate change may pose to business operations, identified potential opportunities and financial impacts, and planned countermeasures, and disclosed the contents on pages 27 to 28 of the 2020 Tainan Enterprises Sustainability Report.	None
(IV) Does the Company make statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	V		(1) Greenhouse gas The Company did a greenhouse gas inventory internally, and the total greenhouse gas emissions of the plants in 2019 were 14,674.51 metric tons of CO2e, while in 2020 were 13,479.17 metric tons of CO2e, and the overall total greenhouse gas emissions decreased by 8.15% compared to 2019 (2) Water consumption: Tainan Enterprises has continued to manage water consumption in accordance with the United Nations 2030 Sustainable Development Goals (SDGs). In addition, the Company has introduced condensate recycling and waste water recovery technologies in its Cambodian washing plant, as well as a fully automatic washing machine optimization process to reduce water consumption directly from the front end. The total water consumption of Tainan Enterprises in 2020 was 667,174 cubic meters, presenting a 15.54% reduction compared to the previous year's overall consumption (789,906 cubic meters).	None

Promoting item	Implementation status (Note 1)		Summary description (Note 2)	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.									
	Yes	No											
			<p>(3) Waste</p> <table border="1"> <thead> <tr> <th></th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>General business waste</td> <td>990.15 tons</td> <td>1,003.87 tons</td> </tr> <tr> <td>Hazardous business waste</td> <td>493.91 tons</td> <td>363.07 tons</td> </tr> </tbody> </table> <p>Tainan enterprises' hazardous business waste decreased by 26.5% in 2020 compared to 2019, while general business waste increased slightly by 1.4%. Please refer to pages 43 to 54 of the 2020 Tainan Enterprises Sustainability Report for disclosure of detailed environmental management guidelines and policies.</p>		2019	2020	General business waste	990.15 tons	1,003.87 tons	Hazardous business waste	493.91 tons	363.07 tons	
	2019	2020											
General business waste	990.15 tons	1,003.87 tons											
Hazardous business waste	493.91 tons	363.07 tons											
IV. Social issues (I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations as well as the International Bill of Human Rights?	V		<p>1. Adopt the international human rights standards of the International Labor Organization (ILO), prohibit child labor and forced labor, and conduct regular third-party accreditation of WRAP (Worldwide Responsible Accredited Production), SLCP (Social & Labor Convergence Program) or Better Work every year to ensure employee rights, recruitment and termination processes.</p> <p>2. Verify the age and identity documents of employees before hiring them, and do not hire those who have not reached the minimum legal labor age.</p> <p>3. The Human Resources Department provides education and training to employees upon their arrival, informs them of their rights and benefits, and publishes the rights and benefits information for them to check at any time.</p> <p>4. Implement zero payment for foreign migrant workers in our plants to reduce the burden of migrant workers coming to work in Taiwan, and conduct the GBV-POSH sexual harassment prevention program in overseas plants to raise employees' awareness of sexual harassment.</p>	None									
(II) Whether the Company has formulated and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflects operating performance or results in employee	V		<p>The Company provides good working conditions and takes adequate care of the physical and mental health of its employees so that they can enjoy working without any worries, with the following benefits defined:</p> <p>1. The Company will review the overall operating performance every year and distribute a certain percentage of the annual surplus as employee bonus.</p> <p>2. A high trust subsidy is provided to encourage employees to participate in stock ownership trusts, so that they can accumulate personal wealth through</p>	None									

Promoting item	Implementation status (Note 1)		Summary description (Note 2)	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No		
remuneration?			<p>long-term investment to protect their future retirement or retirement life.</p> <p>3. Take out employee group insurance to protect the safety and well-being of our employees.</p> <p>4. Provide subsidies for club activities so that employees can cultivate interests and promote communication while working.</p> <p>5. Provide wedding gifts, birthday gifts, maternity allowances, employee benefits, and travel subsidies.</p> <p>6. Establish an employee welfare committee to plan and implement employee welfare.</p> <p>For more details on benefits, please refer to pages 56 to 72 of the Employee Care section of the 2020 Tainan Enterprises Sustainability Report.</p>	
(III) Does the Company provide employees with a safe and healthy working environment, and related education?	V		<p>Carry through “occupational health and safety management” and continuously improve and update the management system to reduce potential environmental hazards, comply with the “Occupational Safety and Health Act”, the “Labor Health Protection Rules” and other local labor regulations, protect employees from occupational injuries and diseases, fully utilize existing manpower to increase employee efficiency, and conduct occupational safety education and training to improve environmental safety and health management performance. The “Occupational Safety and Health Committee” has been established in each plant as the highest scrutiny organization for occupational safety management, and is responsible for the development, supervision, implementation and tracking of relevant policies and actions in each plant. The committee meets regularly and is composed of member representatives and employee representatives to ensure the operation of the management system and to continuously track the improvement results of problems and conduct reviews and confirmations. Please refer to page 70 of the 2020 Tainan Enterprises Sustainability Report for more details on the percentage of occupational injuries at each plant.</p>	None
(IV) Has the Company established an effective career development training program for employees?	V		<p>The Company provides appropriate education and training programs for employees, including pre-employment training for new employees and on-the-job training for employees. In addition, we strengthen professional knowledge and skills training, develop second expertise, cultivate management functions, and obtain relevant licenses for employees with different attributes. In 2020, the total</p>	None

Promoting item	Implementation status (Note 1)		Summary description (Note 2)	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No		
			<p>number of training hours for the Taipei and Tainan offices were 102 hours, with 394 participants.</p> <p>By introducing TTQS and integrating information systems, we have improved the training results of Tainan enterprises and participated in the 2021 annual TTQS assessment, which was recognized for the first time. We will continue to implement TTQS and promote the continuous improvement mechanism of training quality to enhance the operation efficiency of the talent training system, cultivate diversified talents and strengthen international competitiveness.</p> <p>1. In response to the development of technology and AI technology, the "Digital Transformation and Upgrading Talent Training Course for Garment Industry" was conducted in the second half of 2020. Professional lecturers were invited to share with the Company how digitalization and artificial intelligence technology can be integrated with traditional industries for 32 hours and 140 attendees, which helps to cultivate intelligent talents and prepare for the Company's digital transformation plan to meet the business trends of the new generation.</p> <p>With the increasing impact of climate change, it is imperative to practice sustainability. Tainan Enterprises joined Unity Good's iLab for sustainability in 2021, and send personnel to participate in sustainability-related education and training every month for a total of 30 hours. In addition, we have hired external lectures to train management for a total of six hours to deepen the concept of sustainability in our business culture.</p>	
(V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant customer rights protection policies and complaint procedures?	V		<p>Tainan enterprises plans production processes to achieve product safety, and different products have different safety due to their different characteristics and use requirements. Through various tests, including durability, color fastness, physical properties, and safety tests, we are able to produce products that customers and consumers can use with peace of mind. Tainan Enterprises discloses the composition of their products in accordance with global product labeling standards, and no violations of customer labeling requirements have occurred in 2020.</p> <p>Our strict internal management prohibits the plants from selling any customer-branded products or raw materials, or photos of any branded products,</p>	None

Promoting item	Implementation status (Note 1)		Summary description (Note 2)	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No		
			and keeps proper records of all transactions, including all raw material purchase records, detailed inventory records, sample numbers, quantities, and production dates, until the products are sold or destroyed. The plants shall maintain brand labels in a secure storage area with strict controls to protect any branded items during the production process and to track the movement of the items throughout the production cycle.	
(VI) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and monitor their implementation?	V		Tainan Enterprises' business partners are required to strictly comply with the Company's "Supplier Code of Conduct", including reasonable working hours, wages, and employment of employees, and Tainan Enterprises strictly prohibits the use of products with forced labor risks. If any forced/compulsory labor incident is found in the supply chain or upstream vendors, or any violation of the "Supplier Code of Conduct" or "Supplier Social Responsibility Commitment", Tainan Enterprises will inform the offending vendor and brand customers and ask the vendor to take improvement measures. Please refer to page 38 of the 2020 Tainan Enterprises Sustainability Report for supplier evaluation and pledges. We also require suppliers to sign the "Supplier Social Responsibility Commitment" annually, which is based on the 12 principles of the WRAP International Social Responsibility Accreditation, and incorporates human rights, environmental, and shipping safety-related regulations, and pledges to comply with the Supplier Anti-Terrorism Code, which was developed in accordance with the C-TPAT U.S. Customs Business Coalition Against Terrorism's Factory and Shipping Safety Management Guidelines. Also fill out the "Supplier Anti-Terrorism Security Self-Assessment Questionnaire" and provide C-TPAT and GSV certifications to assess the risk level of suppliers and to increase transparency and trust.	None
V. Does the Company make reference to international reporting standards or guidelines to prepare the sustainability report or other reports that disclose non-financial	V		The 2020 Tainan Enterprises Sustainability Report is based on the GRI Guidelines published by the Global Reporting Initiatives (GRI), and follows the GRI Guidelines in accordance with the GRI Guidelines: Core Options Also implement the framework of the Sustainability Accounting Standards Board (SASB), which discloses the performance of key indicators related to this	No certification has been obtained yet

Promoting item	Implementation status (Note 1)		Summary description (Note 2)	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No		
information about the Company? Has the confirmation or assurance opinion from third-party certifying institutions been obtained for the reports of the preceding paragraph?			industry.	
VI. If the Company has related practice principles of its own in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please state the differences between the two and the implementation status: None.				
VII. Other important information that is helpful to understand the implementation of sustainable development:				
<p>1. Tainan Enterprise Culture and Arts Foundation, in collaboration with Dot Design and Super Textile Corp., and with the support of the Commerce Development Research Institute, Dot Design has designed and combined pineapple fiber with recycled plastic, and through the embossing of three-dimensional patterns, the ordinary recycled fabric has been transformed into a high quality recycled fabric, using the first-class professional capabilities of Tainan enterprises in pattern making, R&D and manufacturing to create a stylish eco-friendly bag. The Taiwan pop up event of "Hao! Ta!wan" was held on the top level of the 2nd floor of Japan Takarazuka Hankyu Store from March 24-30, 2021, to showcase the good creativity and design of Taiwan's recycled products and to enhance the give-back economic added value of the "resource-product-renewable resource". The "re-ing" is a new brand created by the Foundation in collaboration with the Dot Design, which aims to raise awareness of the concept of sustainability and make consumption more meaningful through action and circular design.</p> <p>2. Tainan Enterprise Culture and Arts Foundation also integrates the inventory of fabrics and establish a "fabric bank" to establish a sharing platform for recycling, forming a circular creative ecosystem and bringing in the sharing and co-creation model of the circular economy.</p> <p>3. Use corporate expertise to exert social influence to invest in fabric recycling and solve environmental and social problems with sustainable design. Through recycling, design, remanufacturing, distribution, and repair, we use renewable materials to make bags and other recycled goods to reduce the use of harmful chemicals, prevent harmful substances from entering the ecosystem, and reduce resource consumption.</p> <p>4. Organize the first vocational circular market school for children in Taiwan, "Little Boss Festival", to redefine the mode of learning, redefine teachers, students and parents, and let learning start from life like a game.</p> <p>5. Train youth in summer, using real places, real issues, and real solutions, learn to define problems, experience grounding power, cultivate grip power, create vitality, integrate into the team, and use circular design to flip creation.</p> <p>6. Tainan C.E School is established in the Tainan Confucius Temple Attractive Commercial District, with recycling, art co-creation, and cultural localization as the three major frameworks to promote zero-waste shopping districts and become a showcase for responsible consumption and a practice base for starting cloth recycling.</p>				

Note 1: If the "Yes" box is checked for the implementation status, please specify the important policies, strategies, measures and implementation status; if the "No" box is checked for the implementation status, please explain the differences and reasons in the "Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor" column, and explain the plans for future implementation of relevant policies, strategies and measures.

- Note 2: The principle of materiality refers to those which have a significant impact on the company's investors and other interested parties regarding environmental, social and corporate governance issues.
- Note 3: Please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

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

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

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

Evaluation item	Operation status (Note)		Differences from the Ethical Corporate Management for TWSE/TPEX Listed Companies and the reasons therefor.	
	Yes	No		Summary description
<p>II. Implementation of ethical corporate management</p> <p>(I) Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?</p> <p>(II) Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management and report regularly (at least once a year) to the Board Meeting on its ethical management policy and plan to prevent unethical conduct and monitor their implementation?</p> <p>(III) Does the Company have a policy to prevent conflict of interest, provide appropriate channels for explanation, and implement it?</p> <p>(IV) Whether the Company has established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit draws up relevant audit plans based on the evaluation results of risk of unethical</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p>		<p>(I) In order to establish a corporate culture of ethical management and sound development, the Company has established the "Corporate Ethical Management Best Practice Principles" with reference to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and related laws and regulations, The content of the provisions requires the Company to assess the cooperativeness of its business partners and whether they have a record of unethical behavior before establishing business relationships to ensure that their business practices are fair and transparent and that they do not ask, offer or accept bribes.</p> <p>(II) The Company has set up a governance unit (including an audit committee) under the Board Meeting to promote ethical management in business operations, and regularly reports on its implementation to the Board of Directors.</p> <p>(III) The Company has established a policy to prevent conflict of interest in the "Employee Code of Conduct", and if any violation is found, it shall be reported to the managerial officer, human resources leader, etc.</p> <p>(IV) The Company has established various accounting systems (e.g., in accordance with the Securities and Exchange Act, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards approved by the Financial Supervisory Commission (FSC),</p>	<p>There has been no significant differences.</p>

Evaluation item	Operation status (Note)		Differences from the Ethical Corporate Management for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No		Summary description
<p>conduct, and audits the compliance of the plan to prevent unethical conduct or entrusts a CPA to perform the audit?</p> <p>(V) Does the Company regularly organize internal and external education and training on ethical corporate management?</p>	V		<p>International Accounting Standards, interpretations, explanatory pronouncements, and other relevant laws and regulations) and internal control systems (e.g., in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies), and has Internal audit personnel regularly review the compliance status to ensure the effectiveness of the system design and implementation.</p> <p>(V) The Company regularly conducts education and training or promotion of ethical corporate management.</p>
<p>III. The operation of the Company's whistleblower reporting system</p> <p>(I) Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate personnel to deal with the reported matters?</p> <p>(II) Has the Company formulated standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms?</p> <p>(III) Whether the Company takes measures to protect whistleblowers from being improperly handled due to reporting?</p>	V	V	<p>(I) The Company has established a whistleblower reporting and disciplinary system in the "Employee Code of Conduct", and will assign dedicated personnel to investigate and handle any reported cases.</p> <p>(II) The Company's communication and response procedures specify that the relevant leaders are responsible for maintaining the confidentiality of the data of the parties concerned.</p> <p>(III) The complaint handling process protects the complainant from improper handling due to the complaint.</p> <p>There has been no significant differences.</p>
<p>IV. Enhance Information Disclosure</p> <p>Does the Company disclose the content and effectiveness of its Ethical Corporate Management Principles on its website and the Market Observation Post System?</p>	V		<p>The Company's "Corporate Ethical Management Best Practice Principles" have been published and disclosed on the website, and the current status of promotion and implementation is normal.</p> <p>There has been no significant differences.</p>

Evaluation item	Operation status (Note)		Summary description	Differences from the Ethical Corporate Management for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No		
V. If the Company has related practice principles of its own in accordance with the "Corporate Ethical Management Best Practice Principles for TWSE/TPEX Listed Companies", please state the differences between the two and the implementation status: None. The current status of promotion and implementation is normal.				
VI. Other important information that is helpful to understand the implementation of ethical corporate management (For example, if the Company reviews and amends its ethical corporate management principles.): None.				

Note: The operation status, no matter if "Yes" or "No" are checked, should be stated in summary description

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

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

1. Declaration of Internal Control

Tainan Enterprises Co., Ltd.
Declaration of Internal Control System

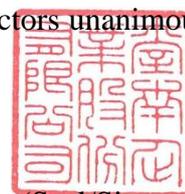
Date: March 22, 2022

The following declaration was made based on the 2021 self-inspection of the Company's internal control system:

1. The Company is aware that the establishment, execution, and maintenance of its internal control system are the responsibility the Company's Board Meeting and managers. The Company has implemented the system throughout the Company. The purpose of this system is to provide reasonable assurance in terms of business performance and efficiency (including profitability, performance, asset security etc.), reliable, timely and transparent financial reporting and regulatory compliance.
2. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of the internal control system. However, self-supervision measures were implemented within the Company's internal control system to facilitate immediate rectification once procedural flaws were identified.
3. The Company evaluates the effectiveness of its internal control system design and execution based on the criteria specified in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consisted of five major elements, each representing a different stage of the internal control system: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication and 5. Supervision. Each element further contains several items. Please refer to the Regulations for the details.
4. The Company has adopted the above-mentioned criteria to validate the effectiveness of its internal control system design and execution.
5. Based on the assessments referred to in the preceding paragraph, the Company considers the design and execution of its internal control system to be effective as at December 31, 2021. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information and its compliance with relevant laws.
6. This Declaration forms an integral part of the Company's annual report and prospectus, and shall be made public. Any illegal misrepresentation or non-disclosure in the public statement above are subject to legal consequences described in Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This Declaration was approved at the Company's Board Meeting held on March 22, 2022. None of the 10 directors present at the meeting showed any objections and all directors unanimously agreed to the contents of this Declaration.

Tainan Enterprises Co., Ltd.

Chairman:



(Seal/Signature)

General Manager:



(Seal/Signature)

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

- (X) The punishments received by the Company and its internal personnel in accordance with laws, the punishment, material deficiencies and improvement by the Company against its internal personnel in the most recent fiscal year and as of the date of publication of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices: None.
- (XI) Important resolutions made by shareholders' meetings and Board Meeting in the most recent year and until the date of publication of the annual report: Please refer to Pages 74~75 and Page 127~147 herein.
- (XII) The main contents of important resolutions of the Board Meeting passed but with directors or supervisors voicing opposing opinions on the record or in writing during the most recent year and up to the date of publication of the annual report: None.
- (XIII) Summary of resignation/dismissal of the persons related to the financial statements (including the Company's Chairman, General Manager, accounting manager, financial manager, internal audit officer and chief corporate governance officer) in the most recent year and as of the date of publication of the annual report: None.

V. Disclosure of external auditors' fees:

Unit: NT\$ Thousand

Name of CPA Firm	Name of CPA	CPA Audited Period	Audit Fee	Non-Audit Fee	Total	Remarks
PwC Taiwan	Tien Chung-Yu	January 1, 2021	7,435	Transfer pricing audit fee NT\$301 thousand, master file reporting NT\$552 thousand, CSR report consulting service fee NT\$351 thousand, <i>i.e.</i> , NT\$1,204 thousand in total	8,639	-
	Lin Tzu-Shu	~ December 31, 2021				

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

VI. Information about change of CPA:

In response to the internal administrative organization's adjustment of PwC Taiwan, the external auditors of the Company's financial statements have been changed from Liu Tzu-Meng, CPA and Lin Tzu-Shu, CPA to Tien Chung-Yu, CPA and Lin Tzu-Shu, CPA since Q1 of 2020, in order to continue provide the audit and certification services for financial statements.

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

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

Job Title	Name	2021		Until April 30 of the current year	
		Increase (decrease) in shares held (Thousand shares)	Increase (decrease) in shares pledged (Thousand shares)	Increase (decrease) in shares held (Thousand shares)	Increase (decrease) in shares pledged (Thousand shares)
Chairman of the Board	Yang Ching-Hon	-	-	-	-
Director	Jing Da Development Co., Ltd.	-	-	-	-
Director	Liang Dao Investment Co., Ltd.	-	-	-	-
Director	Hsin Wang Ai Investment Co.,Ltd	-	-	-	-
Director	Tian Mei Investment Co., Ltd.	(9)	-	-	-
Director	Ri Fu Investment Co., Ltd.	-	-	-	-
Director	Tai Yang Investment Co., Ltd.	-	-	-	-
Director	CHC International Investment Co., Ltd..	-	-	-	-
Independent Director	Lien King-Biau	-	-	-	-
Independent Director	Pai Chung-Lian	-	-	-	-
Independent Director	Li Chih-Kuang	-	-	-	-
General Manager	Yang Shun-Hui	-	-	-	-
General Manager, Sports Management Division	Su Chiung-Chung	-	-	-	-
General Manager Office and concurrently Senior Assistant Vice President of the Logistics Management Division	Wang Sheng-Po	-	-	-	-
Assistant Vice President, Sales Dept.	Huang Hsin-Hsin	-	-	-	-
Assistant Vice President of the Development Dept.	Ke Ying-Hsuan	-	-	-	-
Chief Finance Officer	Wu Chien-Der	-	-	-	-
Manager of the Accounting Dept.	Tsai Chen-Chih	-	-	-	-

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

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

April 30, 2022

Name	Shares held in own name		Shares held by spouse or underage children		Shares held in another person's name		If the top 10 shareholders are related parties or are spouses, relatives within 2nd degree of kinship, the titles or names and relations.		Remarks
	Quantity of shares (thousand shares)	Share-holdings	Quantity of shares (thousand shares)	Share-holdings	Quantity of shares (thousand shares)	Share-holdings Ratio	Designation (or Name)	Relationship	
Koche Universal Co., td.	12,660	8.60	-	-	-	-	-	-	-
Responsible Person: Yang Ching-Hon							CMC Magnetics Corp. Responsible Person: Wong Ming-Sen	Relative by marriage	-
							Liang Dao Investment Co., Ltd. Responsible Person: Wu Tao-Chang	Relative by marriage	-
							Jun Dao Investment Co., Ltd. Responsible Person: Yang Hui-Hsin	Brother and sister	-
							Ri Fu Investment Co., Ltd. Responsible Person: Yang Fu-Ching	Brother and sister	-
							Tian Mei Investment Co., Ltd. Responsible Person: Yang Yin-Ying	Brother and sister	-
CMC Magnetics Corp.	12,385	8.42	-	-	-	-	-	-	-
Responsible Person: Wong Ming-Sen							Koche Universal Co., Ltd. Responsible Person: Yang Ching-Hon	Relative by marriage	-
							Liang Dao Investment Co., Ltd. Responsible Person: Wu Tao-Chang	Relative by marriage	-
							Jun Dao Investment Co., Ltd. Responsible Person: Yang Hui-Hsin	Relative by marriage	-
							Ri Fu Investment Co., Ltd. Responsible Person: Yang Fu-Ching	Relative by marriage	-
							Tian Mei Investment Co., Ltd. Responsible Person: Yang Yin-Ying	Relative by marriage	-
CHC International Investment Co., Ltd..	9,521	6.47	-	-	-	-	-	-	-
Responsible Person: Cheng Tsung-An	-	-	-	-	-	-	-	-	-
Citibank as trustee of the investment account of Mitsui and Co., Ltd.	7,341	4.99	-	-	-	-	-	-	-
Hsin Wang Ai Investment Co.,Ltd	6,501	4.42	-	-	-	-	-	-	-

Name	Shares held in own name		Shares held by spouse or underage children		Shares held in another person's name		If the top 10 shareholders are related parties or are spouses, relatives within 2nd degree of kinship, the titles or names and relations.		Remarks
	Quantity of shares (thousand shares)	Share-holdings	Quantity of shares (thousand shares)	Share-holdings	Quantity of shares (thousand shares)	Share-holdings Ratio	Designation (or Name)	Relationship	
Responsible Person: Su Chiung-Chung	49	0.03	-	-	-	-	-	-	-
Liang Dao Investment Co., Ltd.	6,160	4.19	-	-	-	-	-	-	-
Responsible Person: Wu Tao-Chang	75	0.05	376	0.26	-	-	Jun Dao Investment Co., Ltd. Responsible Person: Yang Hui-Hsin	Couple	-
							CMC Magnetics Corp. Responsible Person: Wong Ming-Sen	Relative by marriage	-
							Koche Universal Co., Ltd. Responsible Person: Yang Ching-Hon	Relative by marriage	-
							Ri Fu Investment Co., Ltd. Responsible Person: Yang Fu-Ching	Relative by marriage	-
							Tian Mei Investment Co., Ltd. Responsible Person: Yang Yin-Ying	Relative by marriage	-
Paul Investment Co., Ltd.	4,703	3.20	-	-	-	-	-	-	-
Responsible Person: Liu Yu-Li	-	-	-	-	-	-	-	-	-
Jun Dao Investment Co., Ltd.	4,218	2.87	-	-	-	-	-	-	-
Responsible Person: Yang Hui-Hsin	376	0.26	75	0.05	-	-	Liang Dao Investment Co., Ltd. Responsible Person: Wu Tao-Chang	Couple	-
							CMC Magnetics Corp. Responsible Person: Wong Ming-Sen	Relative by marriage	-
							Koche Universal Co., Ltd. Responsible Person: Yang Ching-Hon	Brother and sister	-
							Ri Fu Investment Co., Ltd. Responsible Person: Yang Fu-Ching	Sisters	-
							Tian Mei Investment Co., Ltd. Responsible Person: Yang Yin-Ying	Sisters	-
Ri Fu Investment Co., Ltd.	3,943	2.68	-	-	-	-	-	-	-
Responsible Person:	643	0.44	-	-	-	-	CMC Magnetics Corp.	Relative by	-

Name	Shares held in own name		Shares held by spouse or underage children		Shares held in another person's name		If the top 10 shareholders are related parties or are spouses, relatives within 2nd degree of kinship, the titles or names and relations.		Remarks
	Quantity of shares (thousand shares)	Share-holdings	Quantity of shares (thousand shares)	Share-holdings	Quantity of shares (thousand shares)	Share-holdings Ratio	Designation (or Name)	Relationship	
Yang Fu-Ching							Responsible Person: Wong Ming-Sen	marriage	
							Koche Universal Co., Ltd. Responsible Person: Yang Ching-Hon	Brother and sister	-
							Liang Dao Investment Co., Ltd. Responsible Person: Wu Tao-Chang	Relative by marriage	-
							Jun Dao Investment Co., Ltd. Responsible Person: Yang Hui-Hsin	Sisters	-
							Tian Mei Investment Co., Ltd. Responsible Person: Yang Yin-Ying	Sisters	-
Tian Mei Investment Co., Ltd.	3,805	2.59	-	-	-	-	-	-	-
Responsible Person: Yang Yin-Ying	153	0.10	-	-	-	-	CMC Magnetics Corp. Responsible Person: Wong Ming-Sen	Relative by marriage	-
							Koche Universal Co., Ltd. Responsible Person: Yang Ching-Hon	Brother and sister	-
							Liang Dao Investment Co., Ltd. Responsible Person: Wu Tao-Chang	Relative by marriage	-
							Jun Dao Investment Co., Ltd. Responsible Person: Yang Hui-Hsin	Sisters	-
							Ri Fu Investment Co., Ltd. Responsible Person: Yang Fu-Ching	Sisters	-

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

April 30, 2022

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

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

Four. Funding Status

I. Capital and Shares

(I) Source of capital stock

May 20, 2022

Unit: Shares; NT\$ thousand

Year/Month	Issue Price (NT\$)	Authorized Capital Stock		Paid-in Capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of capital stock	Offset by any property other than cash	Others
1992/10	10	19,500,000	195,000	19,500,000	195,000	Cash capital increase 75,000	—	Note 1
1996/08	10	30,000,000	300,000	24,589,800	245,898	Recapitalization of capital surplus 29,250 Issuance of new shares upon merger 21,648	—	Note 2
1997/07	10	30,000,000	300,000	29,507,760	295,078	Recapitalization of capital surplus 24,590 Recapitalization of earnings 24,590	—	Note 3
1998/05	10	60,000,000	600,000	38,360,088	383,601	Recapitalization of capital surplus 29,508 Recapitalization of earnings 59,015	—	Note 4
1999/08	10	90,000,000	900,000	67,540,132	675,401	Cash capital increase 100,000 Recapitalization of earnings 191,800	—	Note 5
2000/08	10	94,836,200	948,362	94,836,200	948,362	Recapitalization of earnings 270,161 Recapitalization of employee bonus 2,800	—	Note 6
2001/07	10	142,800,000	1,428,000	116,090,200	1,160,902	Recapitalization of earnings 212,540	—	Note 7
2002/07	10	142,800,000	1,428,000	122,394,800	1,223,948	Recapitalization of employee bonus 5,001 Recapitalization of capital surplus 58,045	—	Note 8
2003/07	10	142,800,000	1,428,000	122,894,800	1,228,948	Recapitalization of employee bonus 5,000	—	Note 9
2004/08	10	142,800,000	1,428,000	123,394,800	1,233,948	Recapitalization of employee bonus 5,000	—	Note 10
2005/03	10	142,800,000	1,428,000	123,548,370	1,235,484	Overseas unsecured convertible corporate bond holder requests conversion of bonds to common shares for capital increase 1,536	—	Note 11
2005/07	10	142,800,000	1,428,000	125,283,854	1,252,839	Recapitalization of earnings 12,355 Recapitalization of employee bonus 5,000	—	Note 12
2006/08	10	200,000,000	2,000,000	127,037,000	1,270,370	Recapitalization of earnings and capital surplus 12,528 Recapitalization of employee bonus 5,003	—	Note 13

Year/Month	Issue Price (NT\$)	Authorized Capital Stock		Paid-in Capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of capital stock	Offset by any property other than cash	Others
2006/12	10	200,000,000	2,000,000	128,777,453	1,287,775	Overseas unsecured convertible corporate bond holder requests conversion of bonds to common shares for capital increase 17,405	—	Note 14
2007/04	10	200,000,000	2,000,000	133,743,264	1,337,433	Overseas unsecured convertible corporate bond holder requests conversion of bonds to common shares for capital increase 49,658	—	Note 15
2007/07	10	200,000,000	2,000,000	136,460,069	1,364,601	Overseas unsecured convertible corporate bond holder requests conversion of bonds to common shares for capital increase 27,168	—	Note 16
2007/08	10	200,000,000	2,000,000	138,324,700	1,383,247	Recapitalization of earnings and capital surplus 13,646 Recapitalization of employee bonus 5,000	—	Note 17
2007/10	10	200,000,000	2,000,000	138,919,001	1,389,190	Overseas unsecured convertible corporate bond holder requests conversion of bonds to common shares for capital increase 5,943	—	Note 18
2008/04	10	200,000,000	2,000,000	139,830,508	1,398,305	Overseas unsecured convertible corporate bond holder requests conversion of bonds to common shares for capital increase 9,115	—	Note 19
2009/06	10	200,000,000	2,000,000	146,822,034	1,468,220	Recapitalization of earnings 69,915	—	Note 20
2013/12	10	200,000,000	2,000,000	146,851,034	1,468,510	Exercise of employee stock warrants 290	—	Note 21
2014/08	10	200,000,000	2,000,000	146,859,034	1,468,590	Exercise of employee stock warrants 80	—	Note 22
2015/01	10	200,000,000	2,000,000	146,645,034	1,466,450	Capital reduction upon cancelation of treasury stock 214	—	Note 23
2015/04	10	200,000,000	2,000,000	146,731,034	1,467,310	Exercise of employee stock warrants 86	—	Note 24
2015/10	10	200,000,000	2,000,000	146,429,034	1,464,290	Capital reduction upon cancelation of treasury stock 302	—	Note 25
2016/02	10	200,000,000	2,000,000	146,734,034	1,467,340	Exercise of employee stock warrants 305	—	Note 26
2016/07	10	200,000,000	2,000,000	147,108,034	1,471,080	Exercise of employee stock warrants 374	—	Note 27
2016/10	10	200,000,000	2,000,000	147,136,034	1,471,360	Exercise of employee stock warrants 28	—	Note 28

Year/Month	Issue Price (NT\$)	Authorized Capital Stock		Paid-in Capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of capital stock	Offset by any property other than cash	Others
2017/01	10	200,000,000	2,000,000	147,145,034	1,471,450	Exercise of employee stock warrants 9		Note 29
2017/05	10	200,000,000	2,000,000	147,148,034	1,471,480	Exercise of employee stock warrants 3		Note 30
2017/12	10	200,000,000	2,000,000	147,151,034	1,471,510	Exercise of employee stock warrants 3		Note 31
2018/4	10	200,000,000	2,000,000	147,153,534	1,471,535	Exercise of employee stock warrants 2.5		Note 32

- Note 1: Approved by MOEA letter under “Jing (81)-Shang 121461” dated October 20, 1992.
- Note 2: Approved by Securities Commission, MOF letter under (85) Tai-Cai-Zheng (1) No. 42402 dated July 17, 1996.
- Note 3: Approved by Securities Commission, MOF letter under (86) Tai-Cai-Zheng (1) No. 53780 dated July 17, 1997.
- Note 4: Approved by Securities and Futures Commission, MOF letter under (87) Tai-Cai-Zheng (1) No. 37631 dated May 5, 1998.
- Note 5: Approved by Securities and Futures Commission, MOF letter under (88) Tai-Cai-Zheng (1) No. 45024 dated May 19, 1999.
- Note 6: Approved by Securities and Futures Commission, MOF letter under (89) Tai-Cai-Zheng (1) No. 50825 dated June 14, 2000.
- Note 7: Approved by Securities and Futures Commission, MOF letter under (90) Tai-Cai-Zheng (1) No. 128957 dated May 14, 2001.
- Note 8: Approved by Securities and Futures Commission, MOF under (91) Tai-Cai-Zheng (1) No. 126689 dated May 16, 2002.
- Note 9: Approved by Securities and Futures Commission, MOF letter under (92) Tai-Cai-Zheng (1) No. 0920125206 dated June 10, 2003.
- Note 10: Approved by Securities and Futures Bureau, FSC, Executive Yuan letter under Zheng-Qi (1)-Zi No. 0930129967 dated July 7, 2004.
- Note 11: Approved by TWSE letter under Tai-Zheng-Shang-Zi No. 0940017355 dated June 30, 2005.
- Note 12: Approved by FSC, Executive Yuan letter under Jin-Guan-Zheng-1-Zi No. 0940122557 dated June 6, 2005.
- Note 13: Approved by FSC, Executive Yuan letter under Jin-Guan-Zheng-1-Zi No. 0950128126 dated July 4, 2006.
- Note 14: Approved by TWSE letter under Tai-Zheng-Shang-Zi No. 09600026591 dated January 29, 2007.
- Note 15: Approved by TWSE letter under Tai-Zheng-Shang-Zi No. 09600129051 dated May 28, 2007.
- Note 16: Approved by TWSE letter under Tai-Zheng-Shang-Zi No. 09600225541 dated August 7, 2007.
- Note 17: Approved by FSC, Executive Yuan letter under Jin-Guan-Zheng-1-Zi No. 0960032312 dated June 27, 2007.
- Note 18: Approved by TWSE letter under Tai-Zheng-Shang-Zi No. 09600343061 dated November 20, 2007.
- Note 19: Approved by TWSE letter under Tai-Zheng-Shang-Zi No. 09700133851 dated May 26, 2008.
- Note 20: Approved by FSC, Executive Yuan letter under Jin-Guan-Zheng-1-Zi No. 0980033347 dated July 6, 2009.
- Note 21: Approved by TWSE letter under Tai-Zheng-Shang-1-Zi No. 1030001247 dated January 13, 2014.
- Note 22: Approved by TWSE letter under Tai-Zheng-Shang-1-Zi No. 1030016586 dated August 13, 2014.
- Note 23: Approved by TWSE letter under Tai-Zheng-Shang-1-Zi No. 1040002490 dated February 6, 2015.

- Note 24: Approved by TWSE letter under Tai-Zheng-Shang-1-Zi No. 1040017293 dated August 27, 2015.
- Note 25: Approved by TWSE letter under Tai-Zheng-Shang-1-Zi No. 10400215581 dated October 19, 2015.
- Note 26: Registration of the changes approved by MOEA letter under Jing-Shou-Shang-Zi No. 10501051010 dated March 22, 2016
- Note 27: Registration of the changes approved by MOEA letter under Jing-Shou-Shang-Zi No. 10501189690 dated August 10, 2016.
- Note 28: Registration of the changes approved by MOEA letter under Jing-Shou-Shang-Zi No. 10501259450 dated November 9, 2016.
- Note 29: Registration of the changes approved by MOEA letter under Jing-Shou-Shang-Zi No. 10601014590 dated February 15, 2017.
- Note 30: Registration of the changes approved by MOEA letter under Jing-Shou-Shang-Zi No. 10601065580 dated May 22, 2017.
- Note 31: Registration of the changes approved by MOEA letter under Jing-Shou-Shang-Zi No. 10601162820 dated December 5, 2017.
- Note 32: Registration of the changes approved by MOEA letter under Jing-Shou-Shang-Zi No. 10701038500 dated April 10, 2018.

April 30, 2022

Type of share	Authorized capital stock			Remarks
	Outstanding shares	Unissued shares	Total	
Common shares	147,153,534 shares	52,846,466 shares	200,000,000 shares	The Company's stocks are listed on TWSE.

(II) Shareholder Structure

April 30, 2022

Shareholder Structure	Government agencies	Financial institutions	Other juristic persons	Individuals	Foreign institutions and juristic persons	Total
Quantity						
Number of persons	0	0	38	15,114	54	15,206
Shares held	0	0	76,585,384	57,586,916	12,981,234	147,153,534
Shareholdings	0.00	0.00	52.04	39.14	8.82	100.00

(III) Distribution of equity

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

April 30, 2022

Shareholdings category	Number of shareholders	Shares held	Shareholdings
1 ~ 999	8,528	1,201,485	0.82
1,000 ~ 5,000	5,005	10,084,036	6.85
5,001 ~ 10,000	792	6,086,455	4.14
10,001 ~ 15,000	250	3,108,180	2.11
15,001 ~ 20,000	171	3,153,644	2.14
20,001 ~ 30,000	128	3,255,697	2.21
30,001 ~ 40,000	72	2,573,777	1.75
40,001 ~ 50,000	60	2,727,666	1.85
50,001 ~ 100,000	108	7,772,762	5.28
100,001 ~ 200,000	36	4,615,527	3.14
200,001 ~ 400,000	26	7,283,090	4.95
400,001 ~ 600,000	7	3,381,000	2.30
600,001 ~ 800,000	2	1,301,982	0.88
800,001 ~ 1,000,000	2	1,817,000	1.23
More than 1,000,001	19	88,791,233	60.35
Total	15,206	147,153,534	100.00

2. Preferred shares: none.

(IV) List of major shareholders

April 30, 2022

Name of major shareholder	Shares held (shares)	Shareholdings %
Koche Universal Co., Ltd.	12,660,000	8.60%
CMC Magnetics Corp.	12,385,000	8.42%
CHC International Investment Co., Ltd.	9,521,000	6.47%
Citibank as trustee of the investment account of Mitsui and Co., Ltd.	7,341,000	4.99%
Hsin Wang Ai Investment Co., Ltd.	6,501,331	4.42%
Liang Dao Investment Co., Ltd.	6,159,821	4.19%
Paul Investment Co., Ltd.	4,702,808	3.20%
Jun Dao Investment Co., Ltd.	4,217,947	2.87%
Ri Fu Investment Co., Ltd.	3,943,401	2.68%
Tian Mei Investment Co., Ltd.	3,805,200	2.59%

Note: Top 10 shareholders

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

Unit: NT\$ Thousand

Item		Year		Current year up to March 31, 2021 Financial Information (Note 8)	
		2020	2021		
Market price per share (Note 1)	Highest market price	\$33.15	\$20.30	\$19.50	
	Lowest market price	17.50	16.55	17.55	
	Average market price	20.67	18.22	18.46	
Net worth per share (Note 2)	Before distribution	22.44	20.89	22.09	
	(After distribution)	22.24	Not approved upon the resolution of shareholders' meeting	Not approved upon the resolution of shareholders' meeting	
EPS (Earnings per share)	Earnings per share	Before retroactive adjustment	146,154	146,154	146,154
		After retroactive adjustment	146,154	146,154	146,154
	Earnings per share (Note 3)	Before retroactive adjustment	(2.45)	(0.92)	0.77
		After retroactive adjustment	(2.45)	(0.92)	0.77
Dividends per share	Cash dividends		-	Not approved upon the resolution of shareholders' meeting	Not approved upon the resolution of shareholders' meeting
	Dividends per share		0.2		
	Stock dividends	Dividends from retained earnings	-		
		Dividends from capital surplus	-		
Unpaid-for Dividends (Note 4)		-	-	-	
Return on investment	Price/Earnings ratio (Note 5)		(8.44)	(19.55)	23.82
	Price/Dividend ratio (Note 6)		103.35	Not approved upon the resolution of shareholders' meeting	Not approved upon the resolution of shareholders' meeting
	Cash dividend yield rate (Note 7)		0.0096		

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

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

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

and after the adjustment shall be listed.

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

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

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

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

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

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

1. Dividend Policy

The Company's dividend policy is to distribute dividends to shareholders in an amount not less than 30% of the distributable earnings for the period in accordance with the Company's current and future development plans, the investment environment, capital requirements and domestic and international competition, as well as the interests of shareholders taken into account. The distribution of dividends to shareholders may be made in cash or in stock, with the percentage of cash dividends being no less than 10% of the total dividends. If there is any surplus in the Company's earnings as concluded by the annual accounting book close, after paying tax and making up for accumulated losses, 10% shall be set aside as legal reserve, except when the legal reserve has reached the Company's paid-in capital, and the remainder shall be set aside or reversed as special reserve in accordance with the law; if there is any remaining balance, it shall be set aside as distributable earnings for the current period. The accumulated undistributed earnings for the current period, together with the accumulated undistributed earnings of the previous year, is the accumulated distributable earnings. The Board Meeting shall prepare an earnings distribution and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders.

(1) Profit sharing remuneration to employees shall be distributed at a rate of not less than one percent of the current year's profit and shall be in the form of stock or cash and the recipients of profit sharing remuneration in stock or cash may include employees of subordinate companies who meet certain criteria. The Board Meeting is authorized to determine the specific measures.

(2) Profit sharing remuneration to directors shall be distributed at a rate of not more than 5% of the current year's profit.

(Note) The current year's profit refers to the current year's income before tax before the distribution of the profit sharing remuneration to employees and directors.

(3) The shareholders' bonus shall not be less than 30% of the distributable earnings for the current period. The distribution of dividends to shareholders may be made in cash or in stock, with the percentage of cash dividends being no less than 10% of the total dividends.

2. Proposed dividend distribution at the shareholders' meeting

The Company's 2021 earnings distribution was approved by the Board Meeting on March 22, 2022 to distribute cash at NT\$14,615,353 from the capital reserve in excess of the par value of common stock, and NT\$0.10 per share. If the number of outstanding shares is subsequently affected by the retirement of shares or the issuance of new shares due to the repurchase of the Company's shares or the exercise of employee stock options, please authorize the Chairman to adjust the distribution rate based on the actual number of outstanding shares of the Company on the base date of dividend distribution in accordance with the total amount of earnings proposed to be distributed from the common stock resolved

at the shareholders' meeting. Cash dividends are calculated on the basis of the distribution rate up to 1NT\$, round off to 1NT\$, and the sum of fractional amounts less than 1NT\$ is posted to the Company's other income. The aforementioned distribution of cash dividends is proposed to be approved by the 2022 regular shareholders' meeting, and the Chairman is authorized to separately set the base date and payment date of cash dividends.

(VII) The effect of the proposed stock dividends at the shareholders' meeting on the Company's operating results and earnings per share: Not applicable.

(VIII) Profit sharing remuneration to employees, directors and supervisors:

1. The percentage or range of profit sharing remuneration to employees and directors as stated in the Articles of Incorporation: Refer to the explanation of (VI) The Company's Dividend Policy and Implementation Status
2. The basis for estimating the amount of profit sharing remuneration to employees and directors, the basis for calculating the number of shares to be distributed as stock dividends, and the accounting treatment if the actual amount distributed differs from the estimated amount:
 - (1) The basis for estimating the profit sharing remuneration to employees and directors is based on the percentage and range as stated in the Company's Articles of Incorporation.
 - (2) The basis for calculating the number of shares to be distributed as stock dividends: The Company did not distribute stock dividends in 2021.
 - (3) The actual distribution amount resolved by the Board Meeting was not different from the estimated amount.
3. Information on the Board Meeting's approval of the distribution of bonus to employees:
 - (1) In accordance with the Company's Articles of Incorporation, no bonus to employees and profit sharing remuneration to directors and supervisors were distributed for 2021, as the Company had a loss after tax.
 - (2) The percentage of the amount of employee stock distribution approved by the Board Meeting to the total amount of net income after tax and profit sharing remuneration to employees for the period: Not applicable as there was no employee stock distribution resolve at the Board Meeting.
 - (3) Estimated earnings per share after considering profit sharing remuneration to employees, directors and supervisors: Not applicable as profit sharing remuneration to employees, directors and supervisors are posted as expenses.
4. The difference between the actual amount of profit sharing remuneration to employees, directors and supervisors in the previous year (including the number of shares distributed, the amount and the price of the shares) and the recognized amount of profit sharing remuneration to employees, directors and supervisors, the reasons for the difference and the treatment of the difference should be described: The Company had a loss after tax for 2020. In accordance with the Company's Articles of Incorporation, no bonus to employees and profit sharing remuneration to directors and supervisors was distributed for the year.

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

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

April 30, 2022

Term for the repurchase	1st (Term)	2nd Term)	3rd (Term)	4th (Term)	5th (Term)	6th (Term)	7th (Term)	8th (Term)
Purpose of repurchase	To transfer the shares to employees							
Period of repurchase	2011/03/03-2011/04/29	2011/08/18-2011/10/14	2011/12/26-2012/01/13	2012/07/19-2012/08/22	2013/12/27-2014/02/26	2015/01/21-2015/03/20	2015/09/23-2015/11/22	2018/03/30-2018/05/22
Price range of the repurchase (NT\$)	35.00-50.00	35.00-50.00	35.00-50.00	30.00-45.00	30.00-40.00	25.00-35.00	25.00-35.00	23.00-30.00
Type and quantity of shares already repurchased	Common shares/1,000	Common shares /500	Common shares /620	Common shares/1,000	Common shares /600	Common shares/1,000	Common shares /500	Common shares /1,000
Amount of shares already repurchased (NT\$)	38,475	18,949	22,517	28,394	18,865	27,455	12,802	22,663
Average repurchase price per share (NT\$)	38.48	37.9	36.32	28.39	31.44	27.45	25.6	22.66
Ratio of the quantity of shares already repurchased to the planned quantity of shares to be repurchased (%)	100%	100%	100%	100%	100%	100%	100%	100%
Quantity of shares that have been canceled and that have been transferred (Thousand Shares)	1,000	500	620	1,000	600	1,000	500	0
Cumulative quantity of its own shares that the Company holds (Thousand Shares)	0	0	0	0	0	0	0	1,000
Ratio of the cumulative quantity of	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.68%

Term for the repurchase	1st (Term)	2nd Term)	3rd (Term)	4th (Term)	5th (Term)	6th (Term)	7th (Term)	8th (Term)
its own shares that it holds to the total quantity of its issued shares (%)								

Note: The Company repurchased its own shares in accordance with Paragraph 4 of Article 28-2 of the Securities and Exchange Act amended and promulgated on April 17, 2019, in order to transfer the same to its employees.

The term is extended from 3 years to 5 years. Upon the FSC's approval, the 8th transfer period for treasury stocks is extended, and commences from May 22, 2018 to May 21, 2023. .

2. Status of repurchase of the Company's own shares by the Company (the repurchase still in progress): None.

II. Corporate bond operations: None.

III. Preferred share operations: None.

IV. Overseas depository receipt operations: None.

V. Employee stock warrant operation: Already expired on September 11, 2018.

(I) Employee stock warrant operation: Already expired on September 11, 2018.

(II) Names and subscription status of managerial officers who have obtained employee stock warrants and of employees who rank among the top ten in terms of the quantity of shares to which they have subscription rights through employee stock warrants acquired: Already expired on September 11, 2018.

VI. M&A or issuance of new shares upon acquisition of another company's shares: None.

VII. Status of capital utilization plan:

(I) A description of the plan: For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.

(II) Status of implementation: With respect to capital utilization under the plan referred to in the preceding subparagraph, the annual report shall (for the period as of the quarter preceding the date of publication of the annual report) analyze the status of implementation and compare actual benefits with expected benefits. Where implementation has failed to yield the expected progress or benefits, the annual report shall provide specific reasons for such failure, explain any effect it might have upon shareholders' equity, and outline the plan for correcting the situation: N/A.

Five. Overview of Business

I. Descriptions about the Business

(I) Scope of business:

1. Current major business lines:

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

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

The weight thereof in the operating revenue 2021 is stated as follows:

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

3. New products under the development plan:

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

(II) Overview of industry:

1. Overview and development of domestic industry:

According to the import and export trade statistical data of Taiwan's customs, the total export value of Taiwan amounted to US\$446.448 billion from January to December 2021, growing by 29% from the same period in 2020, while the total import value amounted to US\$381.167, growing by 33% from the same period of 2020. The trade surplus was US\$65.281 billion, growing by 11% from the same period of the previous year (2020).

Taiwan's textile import and export from January to December 2021

Unit: US\$ hundred million

Import and export trade	Export		Import		Export surplus / import surplus	Growth rate % Export value
	Export value	Growth rate %	Import value	Growth rate %		
Overall trade	4,464.48	29.00%	3,811.67	33.00%	652.81	11%
Textile	90.24	20%	38.59	15%	51.65	24%
Weight of textile in the overall trade	2.02%	-	1.01%	-	7.91%	-

Source: Data compiled by the Taiwan Textile Federation

According to the analysis based on the export value, the major exported products include fabric (69%) and then yarns (14%), miscellaneous textile (6%), fiber (6%), and garment and apparel accessories (5%). Among the five major exported products, only the export value of miscellaneous textile generated the negative growth by 8%, while the bulk export value of fabric grew by 24% and yarns growing by 25, fiber growing by 6% and garment and apparel accessories growing by 14%.

Items Product	Export value (US\$ hundred million)	Weight (%)	Compared with the same period of last year (%)	Export volume (tens of thousand tons)	Compared with the same period of last year (%)	Unit price (US\$/KG)	Compared with the same period of last year (%)
1. Fiber	5.07	6%	5	38.80	-3	1.31	9
2. Yarns	12.77	14%	25	42.89	8	2.98	16
3. Fabric	62.60	69%	24	69.70	12	8.98	11
4. Garment and apparel accessories	4.71	5%	14	2.19	6	21.47	8
5. Miscellaneous textile	5.09	6%	-8	7.11	0.4	7.17	-9
Total	90.24	100%	20	160.69	6	5.62	13

Source: Data compiled by Taiwan Textile Federation

According to the analysis by export territories, the largest export market for Taiwan's textile is Vietnam, followed by Mainland China, the USA, Indonesia and Cambodia. The weight thereof in the export attains 61%. For the export items, the export of fabric is in the first place for bulk export in the five export territories and the export value for Vietnam is the largest. In terms of the import territories, Mainland China is in the first place among the sources of import, followed by Vietnam, EU, the USA and Japan. The total import value attains 78%. Among the other things, the Company imports garments and apparel accessories primarily from Mainland China, Vietnam and EU and fabric primarily from the USA and Japan and the weights thereof in the textile imported from said territories were 48% and 30%, respectively.

Statistics About Main Export Markets for Taiwan's Textile from 2019 to 2021

Unit: US\$ hundred million

2019	Main Export Territory	Vietnam	Mainland China	USA	Hong Kong	Indonesia	Others
	Export value	22.25	15.84	6.98	4.81	4.47	45.65
	Weight in the total export value	24%	17%	8%	5%	5%	41%
2020	Main Export Territory	Vietnam	Mainland China	USA	EU	Indonesia	Others
	Export value	19.02	12.55	6.82	3.7	3.57	54.34
	Weight in the total export value	25%	17%	9%	5%	5%	39%
2021	Main Export Territory	Vietnam	Mainland China	USA	Indonesia	Cambodia	Others
	Export value	23.15	14.81	8.15	4.58	4.45	44.86
	Weight in the total export value	26%	16%	9%	5%	5%	39%

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

The top 5 export markets for Taiwan's textile primarily accept fabric products. The one generating the largest export value is Vietnam at S\$1.861 billion. The one in which fabric accounts for the largest export volume is Cambodia and the weight thereof attains 94%.

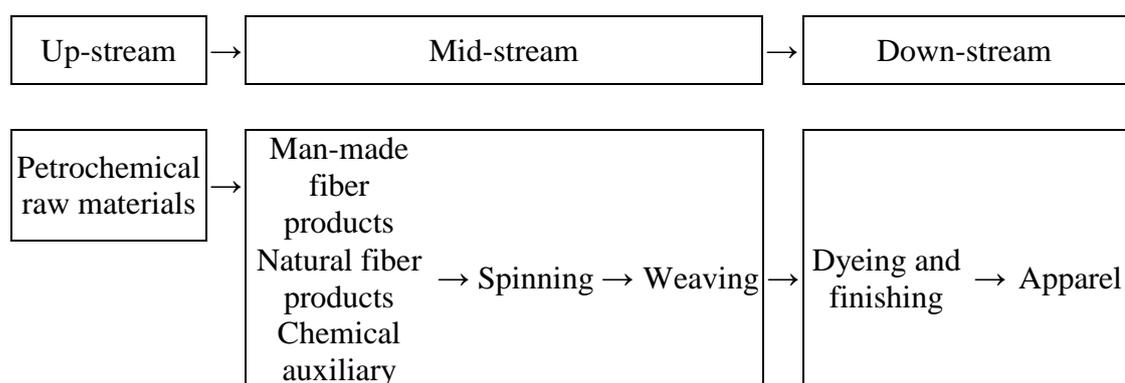
Export Territory	Main Export Items	Export value	% of the textile exported to the territory	Compared with the same period of last year
		(US\$ hundred million)	Weight (%)	(%)
1. Vietnam	Fabric	18.61	80	22
	Yarns	2.53	11	26
2. Mainland China	Fabric	9.37	63	22
	Yarns	3.94	27	27
3. USA	Fabric	4.03	49	25
	Garment and apparel accessories	1.63	20	23
4. Indonesia	Fabric	3.92	86	29
	Yarns	0.27	6	38
5. Cambodia	Fabric	4.18	94	34
	Miscellaneous textile	0.10	2	43

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

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

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

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



3. Product development trend

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

(1) Garment self-making

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

(2) Trade of products

A. Apparel trade: subject to the market conditions for the future year, the sales are expected to grow upon the development of the markets in Asia and Europe and the domestic sales brand market in China.

B. Trade of materials: it refers to the estimated value for the purchase of materials by the Company on behalf of its subsidiaries, calculated based on the estimated cost rate of the subsidiaries verified according to the subsidiaries' production and marketing volume for the next year and the gross margin for sales estimated by the Company.

4. Competition:

The Company is engaged in export of garments as its main business line, and exports products primarily to the USA, Canada and Japan. For the time being, the Company's competitors include those identical with the Company in nature within the territories of

Taiwan and also those from the territories of China, Korea, Hong Kong and India. The industrial competition is analyzed as follows:

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

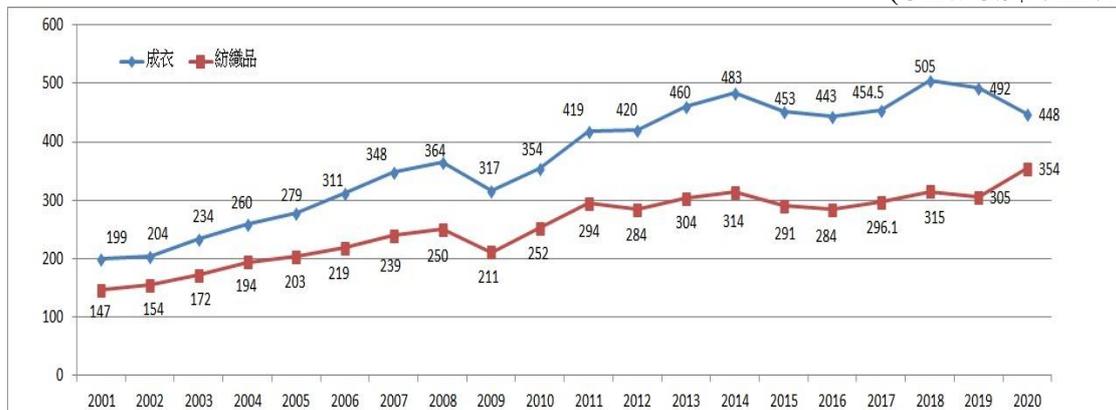
According to the WTO's 2021 global statistical data, the total trade amount of textile and garment attained US\$802 billion in 2020, growing by 0.63% from 2019. The world-renowned leading manufacturers have successively invested in the AI development, and continued to collect the insightful information about market trends based on the data analysis results generated or accumulated by them, in order to provide corporate customers with, or devote themselves into, the layout at the best strategic location. As far as the textile and apparel manufacturers are concerned, if they may control the consumption market demand, they are able to reflect the market condition rapidly, reduce the hours spent in development ranging from creation of ideas until output of finished goods and mitigate the risk over business decision-making.

In the past, Taiwan's textile and apparel suppliers were used to passively waiting for the orders placed by brand owner customers and forecasting the order volume unilaterally. Notwithstanding, such practice would inevitably need to be changed under the increasing uncertainty in Rolling Order and increasing frequency of Urgent Order/Chasing Order. Meanwhile, due to the impact posed by Trump's economic and trade policies, the USA quitted the TPP officially and thereby caused Vietnam's attractiveness to foreign investments to be somewhat diminished, Taiwan-based textile and apparel manufacturers' step in constructing the industrial clusters in Vietnam just slowed down therefor but didn't stop actually.

(2) Global textile and apparel trade statistics

The global apparel trade amount was US\$448 billion in 2020, declining by 8.94% from 2019. For the export of apparels, the four major apparel export countries, including Mainland China, 28 EU member countries, Bangladesh and Vietnam, have contributed 72.2% of the market share in the global apparel market.

Global Textile and Apparel Export Statistics from 2001 to 2020
(Unit: US\$ billion)



Source of Data: 2021 WTO

The liberalization of textile trade in 2005 caused production locations to be relocated to certain emerging and low-cost countries, such as Mainland China, India, Pakistan and Bangladesh and Vietnam. Meanwhile, the textile and apparel trade has grown rapidly from the past subject to the quota limitations.

Global Textile and Apparel Export Growth from 2005 to 2020

(Unit: US\$ billion)

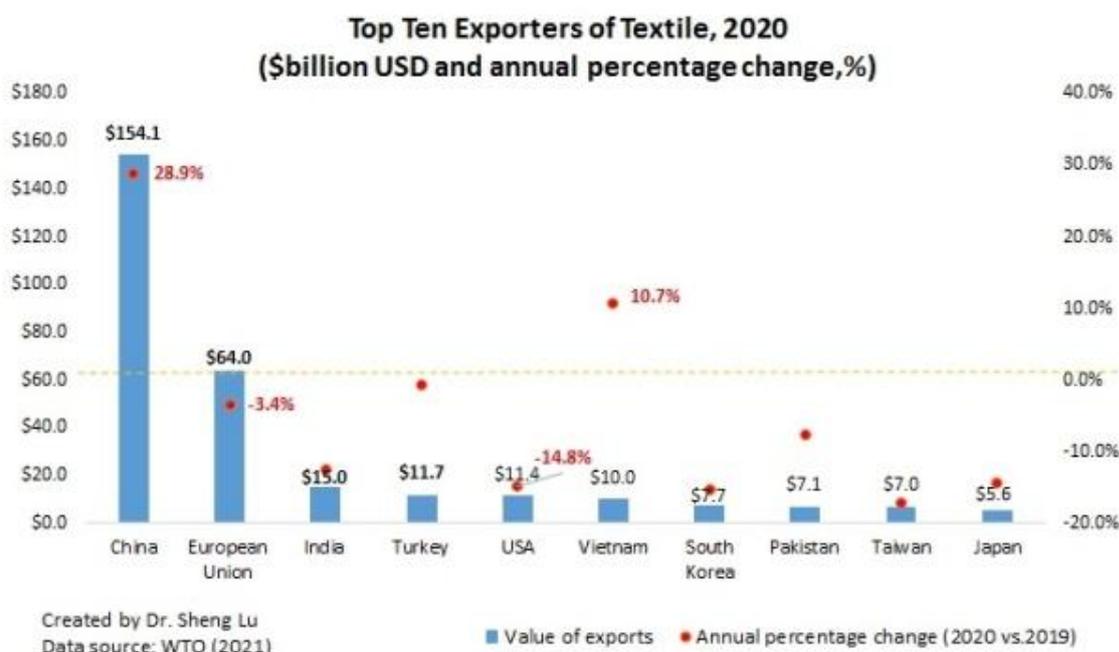
Products	2005	2010	2015	2019	2020	2020 Growth rate	2005~2020 Growth value	2005~2020 Growth rate
Textile	203	252	291	305	354	16.07%	151	74.38%
Apparel	279	354	453	492	448	-8.94%	169	60.57%
Total	482	606	744	797	802	0.63%	320	66.39%

Source of Data: 2021 WTO

(3) Global Main Textile and Apparel Export Countries

According to the WTO's 2021 global statistical data, the global textile trade amounted to US\$354 billion in 2020, growing by 16.07% from 2019. Mainland China, 28 EU member countries and India remain the first three places in the global textile export countries, followed by Turkey, the USA and Vietnam. Taiwan is in 9th place with the export amount at about US\$7 billion.

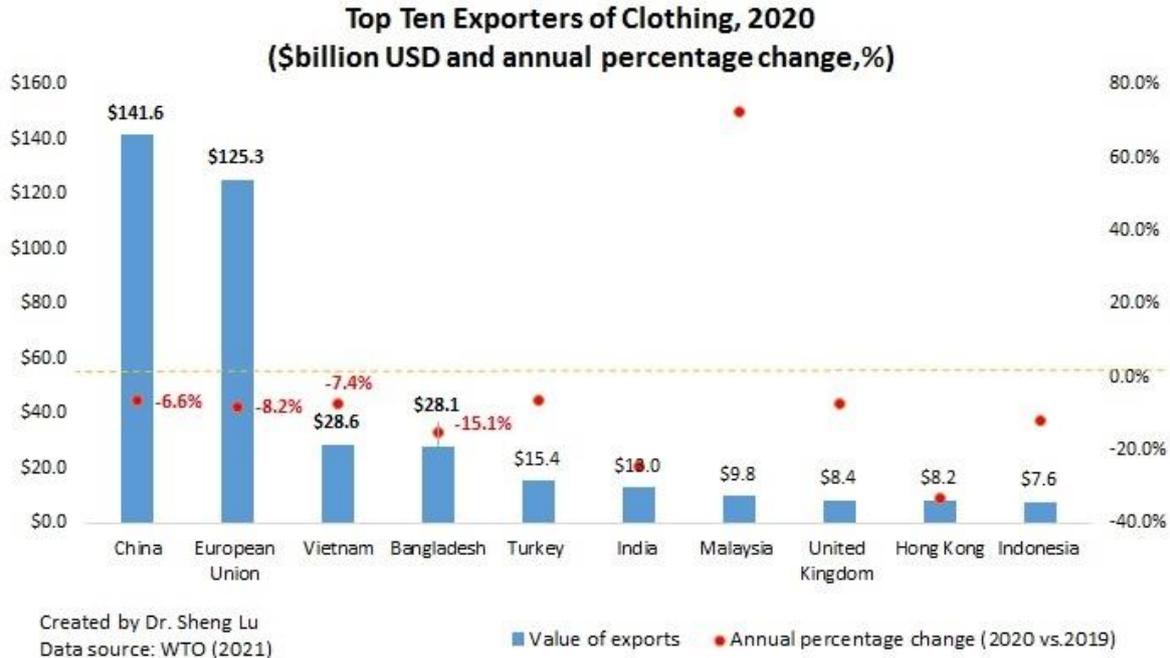
Global Top 10 Textile Export Countries in 2020



Source of Data: <https://shenglufashion.com/tag/wto/>

The global apparel trade amounted to US\$448 billion in 2020, declining by 8.94% from 2019. The top 3 apparel export countries are Mainland China, EU and Vietnam in order. Vietnam generated the export sales transcending Bangladesh's and, therefore, became one of the top 3 apparel exporting countries in 2020. Vietnam performed well in the production and export of apparel in 2020. Benefiting from its adequate control over the epidemic, and its human resource, capital and productivity of the apparel industry which is superior to that of Bangladesh and diversity of its products, Vietnam also transcends Bangladesh in the market share of apparel export sales. Among the other things, the export sales of the mainland China amounted to US\$142 billion, followed by Vietnam, Bangladesh, Turkey, India and Hong Kong. As far as Taiwan is concerned, the output value of the garment and apparel accessories industry amounted to NT\$15.7 billion, *i.e.*, only 5.24% of the output value of the entire textile industry, in 2022.

Global Top 10 Apparel Export Countries in 2020



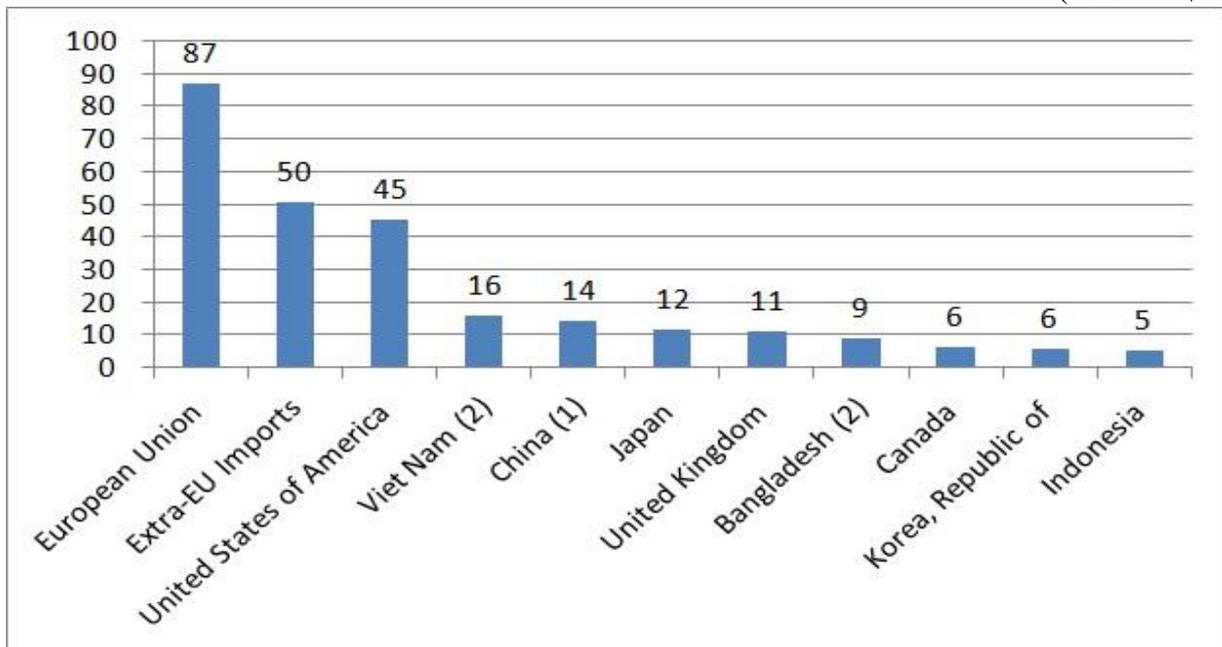
Source of Data: <https://shenglufashion.com/tag/wto/>

(4) Global Main Textile and Apparel Import Countries

The global top 10 textile import countries' trade amounted to US\$211 billion in 2020. The 28 EU member countries and European countries other than the 28 EU member countries were in the first two places, followed by the USA, Vietnam and Mainland China.

Global Top 11 Textile Import Markets in 2020

(Unit: US\$ billion)

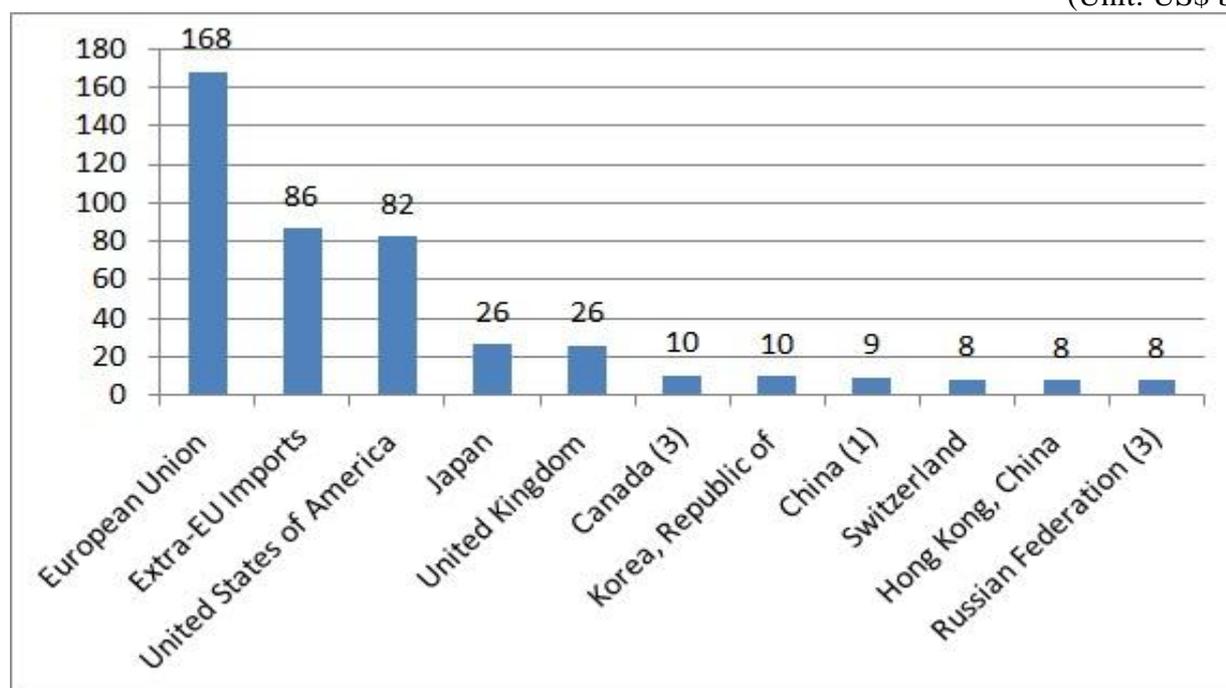


Source of Data: 2021 WTO

The global top 10 apparel import countries' trade amounted to US\$349 billion in 2020. The 28 EU member countries and European countries other than the 28 EU member countries were still in the first two places, followed by the USA, Japan and the United Kingdom.

Global Top 11 Apparel Import Countries in 2020

(Unit: US\$ billion)



Source of Data: 2021 WTO

(III) Overview of technology and R&D:

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

Unit: NT\$ Thousand

Item \ Year	2021	Until March 31, 2022
Research expenditure	73,251	18,601

2. Technologies or products developed successfully

Scope of R&D	Date of completion	R&D results
Job improvement	December 2021	120.5% in 2016 v; 97% in 2018; 95% in 2019 86% in 2020; 108% in 2021
Cut the re-do rate and rejected materials / repair rate	December 2021	Re-do; 0.50% in 2016; 0.30% in 2017 0.15% in 2018; 0.50% in 2019 0.25% in 2020; 0.2% in 2021 Rejected/repair rate: 1.35% in 2016; 1.25% in 2017; 0.71 in 2018; 1.51% in 2019 1.66% in 2020; 2.57% in 2021

3. Future R&D plans

- (1) Value the dimension of HR development.
- (2) Control quality and specialize the production.
- (3) Outsource OEM system and adjust practices.
- (4) Improve the timeliness of main and auxiliary materials in place.
- (5) Accelerate the information system integration and construction.
- (6) Adjust the sample room's operating model and allocation of resources.
- (7) Accelerate the improvement and efficiency of the technology for production of gliding discs.
- (8) Expand IE process functions and training.

(9)The R&D expenditure to be spent in 2022: NT\$100 billion.

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

1. Long-term plans:

- (1)High-quality, high-technology, high-added value and optimal resource allocation: Improve Design and Development Dept.'s functions; submit proposals actively through the close cooperation with sales units to exert synergies; establish the creditability of the technology R&D department to make it become the global R&D center, including exchange of talents and professional technical team; long-term technical talent training; continuous improvement of process and technology; improve competitiveness; get custom-made information logistic supporting system; perfect the information integration platform; control the transparency of orders completely; reduce vague communication and eliminate unnecessary recurring costs. Continue to train the elite, create the middle management's value and upgrade the senior management's utility through the organizational adjustment, in order to achieve the optimal allocation of the Company's resources and respond to the internal/external environmental changes.
- (2)Improve the strengths of multiple production areas in overseas plants: In response to the everchanging international situations, uncertain epidemic factor and internal/external environmental changes, when any abnormal condition arises in any production areas, the other production areas may provide real-time production capacity immediately. Due to the impact posed by the epidemic, the production capacity was not expanded in 2021. Notwithstanding, the Company adopted automated equipment and continued to import the equipment to improve the efficiency and quality of existing production lines. Meanwhile, the Company built each plant's characteristics and focused on its core value and exercised each plant's strengths and specialized the plant to develop optimal products. In response to the recovery of orders, the Company will increase and adjust each production area's production capacity in a timely manner.
- (3)Build the strategic partnership and develop local supply chain: The sales of knitting and sportswear products are growing stably. The medical, military and uniform suit products are imported to expand the horizontal integration in width. The Company may hit the depth of the vertical integration through the strategic alliances with fabric manufacturers. Therefore, it will create the effect of synergy for the front-end design, main and auxiliary materials development and back-end washing operations, so as to provide customers with more diversified and unique product choices and to improve customers' loyalty. Develop the local supply chain and produce and supply the main and auxiliary materials directly and locally to avoid problems, such as lack of cabinets and prolonged shipping schedule and shorten the lead time effectively.
- (4)Integrate the internal and external resources to promote the ESG development: control the market, integrate the cross-border resources of the Company and the other peers to exert the effect of synergy; care for the carbon neutrality issue and invest capital in the relevant education and training and strive to make the apparel industry and supply chain become the low-carbon industry; in terms of the environment protection, social responsibility and corporate governance (Environment, Society and Governance, ESG), exercise the social influence with the enterprise's expertise, and use the best effort to achieve links with resources, change of education, engagement in placemaking, sustainable city and circular economy, etc., with dreams, sustainability and diversity and fulfilled corporate responsibility to upgrade the customer's image and continue to promote sustainable development.

2. Short-term plans:

- (1) Develop existing customers' new products, new customers, new markets and new business types: Manage the existing customers stably, strive for the existing customers' new products, improve its competitiveness by virtue of the automated equipment in order to strive for the

existing customers' and new customers' products; utilize the strengths in multiple production areas to develop the domestic sales market. The Company has achieved remarkable results in the domestic sales market in Cambodia, China and Taiwan and extended its business to the medical, military and uniform suit business. The Company values and pro-actively develops every business opportunity in various fields.

- (2) Improve the KPI management, control expenditure and overcome abnormality: Build the effective KPI management system to cut the not-exported rate, rate of loss and fabric inventory and improve the operating performance; adopt the detailed management to save costs and increase gross profit in all respects; set forth various standard operating procedures, control and stop abnormality more stricter and take responsive actions as early as possible if any abnormality is found.
- (3) Data management and information integration: Strengthen the ERP, import the MES, strengthen the inter-system information cascade and regenerate the data and experience accumulated in the past in a new manner. Utilize the system to achieve the information cascade for various procedures and collect and monitor the production data generated in the process of manufacturing voluntarily upon receipt of the order and until production, control over procedures and completion of products, in order to ensure the production quality.
- (4) Investment in technology and digital transformation: Adopt the work from home (WFH) model due to the impact posed by the epidemic, replace the physical patternmaking with 3D patternmaking, save the main and auxiliary materials and also the time cost and achieve the implementation of 3D apparel simulation system; import the RPA to improve the operating efficiency of the order, save time and human resource to optimize other management processes; use the AI image recognition to search the existing data and provide quotation rapidly and combine the working hour section to calculate the working hours rapidly; use the AI visual inspection on the fabric to simulate a real person's right to inspect defects on the surface of cloth and realize AI smart production lines; BI business intelligence system imported to help the management make decision quickly, from the electronic form advanced to digitalization and intellectualization, and use the technology to help operations and management

II. Overview of market and production and marketing

(I) Market analysis

1. The territory where the main products are sold.

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

Unit: In Thousand TWD

Year YEAR	Domestic sales DOMESTIC SALES (Taiwan)	Export		Total
		The USA	Other Countries	
2019	69,274	5,644,783	1,946,791	7,660,848
2020	140,168	4,186,732	1,643,640	5,970,540
2021	105,129	3,878,344	1,778,003	5,761,476

2. Market value

Tainan Enterprises Co., Ltd. has run its business as a professional apparel manufacturer for six decades. Its ability in manufacturing apparel and research & development technology are well recognized by local and foreign customers, while it has trained countless talents for the apparel industry. The core management trained by it have exercised their influence step by step

in the recent years, for assuming important positions in the Company and making their contributions. Meanwhile, it is also very successful in training the management trainees in the business management and technology.

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

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

In Taiwan's textile industry, the upstream and midstream dealers play the leading roles dedicated to driving the upstream and midstream business development. The downstream dealers are mostly located overseas as they need plentiful labor forces. According to the statistics, there were about 4,579 spinning mills in Taiwan in 2020, hiring a total of 141,242 employees approximately, with a total output value amounting to NT\$289.3 billion. Among the other things, the output value generated by the spinning and weaving business amounted to NT\$273.6 billion, *i.e.*, 94.6% of that generated by the entire textile industry. The output value generated by the apparel business amounted to NT\$15.7 billion, *i.e.*, 5.4% of that of the entire textile industry.

In order to deal with the increasing personnel costs in Taiwan, since the 1990s, the textile manufacturers primarily engaged in making apparel have already relocated to the territories requiring low wage, such as Mainland China, then the South East Asia countries including Vietnam, Indonesia and the Philippines and now the countries in the Central and South America and Africa. Following the shrinking production capacity locally, the output value declined accordingly.

According to the Department of Statistics, MOEA, the total value of the textile industry has decreased by 42% from 2005 to 2020, the textile manufacturing declining by 28.2%, the apparel manufacturing declining by 66% and the man-made fiber manufacturing declining by 62%. According to the report on overview of the textile industry of Taiwan issued by Taiwan Textile Federation, the global supply chain was severely impacted primarily due to the Sino-US Trade War and the "COVID-19" breaking out in Mainland China at the end of 2019. In 2020, the "COVID-19" was spreading all over the world; as a result, the global supply was challenged critically and the consumption market was shrinking seriously. Therefore, the global economic and industrial segments were affected severely in 2020.

(2) Global demand and supply conditions in the future

After having been troubled by the epidemic through the past two years, the world finally saw the break of dawn in 2022. Many fashion industries in multiple territories globally are ready to recover in 2022. Consumers are also prepared to exercise their purchasing power which they have suppressed for such long time, in order to dress them up. Therefore, the trading condition in the market is expected to become positive in 2022. The import factors critical to the textile and apparel industry in the future are analyzed as following:

- A. Consumers' preference is changed due to the epidemic. Consumers now favor e-commerce not only for convenience but also as a new lifestyle. The retail model has gone through the transformation from the single channel, multi-channel, and cross channel and omni-channel. The Alibaba Group even proposed the "consumers' experience-oriented" and "data"-driven "pan-retailing" that keeps overturning our awareness toward the retail channels. Therefore, the textile industry is expected to adopt the demand and supply model overturning that in the past!
- B. The role played by traditional suppliers will be re-defined: Retailers and buyers are all seeking the operating model deriving higher efficiency. They reserve the right to control the sales planning and retail operations only, but contract the other procedures, including the forecast on customers' needs, design, production, inventory and logistic services, to the other suppliers.
- C. Speed and ethical management are the key to success: When selecting suppliers, buyers will value the speed, timely delivery and ethical management more than ever.

D. Use new technology to solve the problem about insufficient resources: Considering that the natural resources needed by the textile industry are decreasing day by day, the new technology that utilizes resources efficiently emerges accordingly.

(3) Market's growth potential

In the past two years troubled by the epidemic, we found that it is very important to alter the production bases resiliently and make the supply chain respond to the local government's lockdown policy rapidly, in order to distinguish the winner from the loser in 2022. Certain brand enterprises also start to integrate their existing suppliers, in order to make their production more stable, more scalable and more controllable. Given this, the Company adopts the following development strategies to promote the future apparel business:

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

In conclusion, in terms of demand, most countries choose to co-exist with the virus and, therefore, their economy are expected to recover. Besides, consumers might want to change after wearing home clothes and sportswear for two years. Given the mitigating effects of the epidemic, more and more people will now start to engage in social activities other than family activities again. Therefore, the demand for apparel might, again, resort to the fashion style favored by people before the outbreak of the epidemic fashion. Meanwhile, the emerging online shopping service also creates the business opportunities for the apparel demand. Therefore, the Company will maintain its existing market in the USA and pro-actively develop the markets in Asia and Europe. Also, the Company upholds the forward-looking idea about markets, aims at the business opportunities for online shopping and launches into the online marketing business, in order to complement the market consumption power. With respect to R&D of technology and design, the Company always moves forward ahead of customers and final consumers, as it gains the insight into the market trend and perceive opportunities early, in order to provide customers with the products and services best fitting consumers.

With respect to the supply, in order to satisfy consumers' demand for apparel, the Company uses the best effort to develop the production momentum in the production base located in Vietnam among the existing production bases located in the mainland China, Indonesia, Cambodia and Taiwan, and also introduces the professional knitting and performance sportswear partners, develop the diversified product lines, and improve the entire production capacity and scale through development of the cooperation with vendors at the factory premises. The production base specialization strategy has exerted the characteristics of each production base and apparel type which it is good at, in order to improve the efficiency

and quality and satisfy the diversified needs from the Company's customers. With respect to the infrastructure construction, the Company strengthens its operating systems, optimizes the order acceptance and production capacity control procedure, and utilizes the system and develops various analysis tools to respond to the market more rapidly and better the Company's global supply and marketing network.

4. Competitive niche

(1) Abundant business development resources

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

(2) Globalized production

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

(3) Rapid adaptability and good quality

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

(4) Corporate culture upholding harmonious co-existence

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

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

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

(1) Positive factors:

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

(2) Response to positive and negative factors:

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

Response:

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

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

Response:

Control the 3P lead-time work arrangement earlier to avoid any inefficiencies caused by the production procedure; control the overtime work efficiently; import and utilize rhythmic U-shaped production lines and smart suspension systems to improve the overall

efficiency and in response to the automated equipment improvement process to overcome the pressure from the increasing wages.

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

Response:

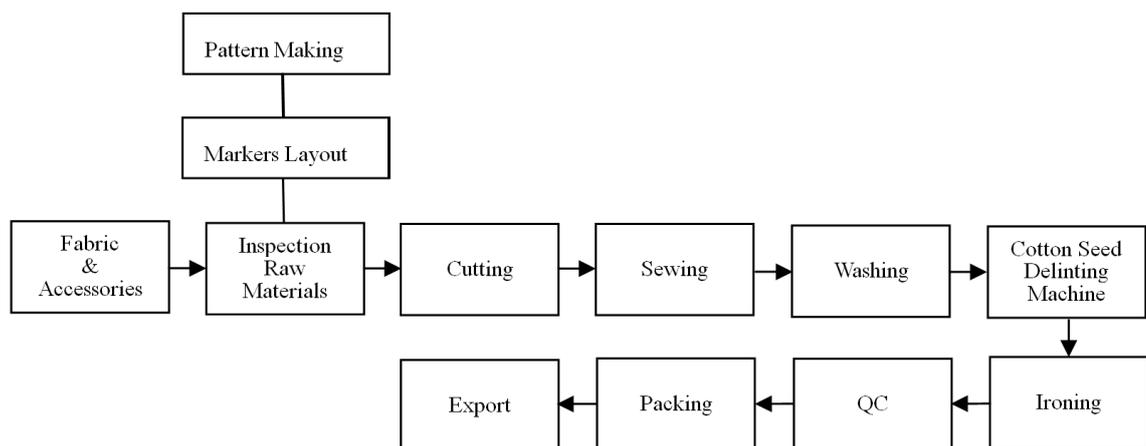
Develop the digitalization of the modularization technology proactively, enhance the technology and process improvement and produce high value-added popular products effectively to satisfy the needs for fair price, good quality, short delivery period and high product complexity, and distinguish the Company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

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

1. Usage of the Company's main products:

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

2. Manufacturing processes for the Company's main products



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

The main raw materials for apparel are categorized into main materials (clothes, lining and core) and auxiliary materials (buttons, zippers, threads and label etc.). Considering that the manufacturing of apparel is characterized in the usage of main and auxiliary materials varying depending on different apparel styles, the main and auxiliary materials must be ordered completely subject to the customers' requirements and the design. Therefore, the Company establishes its own Purchasing Dept. responsible for placing orders with domestic/foreign well-renowned suppliers per customers' needs. The sources of materials include renowned suppliers from various countries, such as WINNITEX, BLACK PEONY, MIZUDA, MSJC, NIEN HSING TEXTILES, NEW WIDE, YKK and AVERY DENNISON, etc. The Company has maintained fair cooperative relationship with the suppliers permanently and, therefore, the sources of materials are considered stable.

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

1. Major suppliers in the past two years (the sales which account for more than 10% of the total sales in the past two years): No such situation.

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

Unit: NT\$ Thousand; %

Item	2020				2021				2022 until the previous quarter			
	Name	Amount	Percentage in the annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage in the annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of net sales as in the current year until the previous quarter (%)	Relationship with the issuer
1	Customer A	\$ 1,267,995	21.24	Non-related party	Customer B	\$ 991,317	17.21	Non-related party	Customer B	\$ 642,400	27.65	Non-related party
2	Customer E	1,141,800	19.12	Non-related party	Customer D	948,723	16.47	Non-related party	Customer D	508,448	21.88	Non-related party
3	Customer B	736,355	12.33	Non-related party	Customer G	755,090	13.11	Non-related party	Customer F	266,888	11.49	Non-related party
4	Customer G	733,193	12.28	Non-related party	Customer E	701,468	12.18	Non-related party	Customer G	191,172	8.22	Non-related party
5	Customer D	606,731	10.16	Non-related party	Customer F	584,715	10.15	Non-related party	Customer E	30,310	1.30	Non-related party
6	Customer E	428,759	7.18	Non-related party	Customer A	314,063	5.45	-	-	-	-	-
7	Others	1,055,707	17.69	Non-related party	Others	1,466,100	25.43	Non-related party	Others	684,469	29.46	Non-related party
	Net sales	\$ 5,970,540	100.00		Net sales	\$ 5,761,476	100.00		Net sales	\$ 2,323,687	100.00	

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

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

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

Unit Value: Thousand pcs; NT\$ Thousand

Production Main product (or by Department)/Item	Year	Year 2020			Year 2021		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Garment		35,000	23,613	4,897,547	35,046	22,244	4,807,309
Brand		(Note)	-	-	(Note)	-	-
Total			23,613	4,897,547		22,244	4,807,309

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

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

Unit Value: Thousand pcs; NT\$ Thousand

Net Sales Main product (or by Department)/Item	Year	Year 2020				Year 2021			
		Domestic Sales		Export		Domestic Sales		Export	
		Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
Garment Production		1,502	142,676	27,317	5,819,375	1,923	389,350	18,624	5,362,331
Brand		-	-	-	-	-	-	-	-
Raw Materials		-	-	-	8,489	-	-	-	9,795
Total		1,502	142,676	19,578	5,827,864	1,923	389,350	18,624	5,372,126

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

Year		2020	2021	The current year up to March 31, 2022
Number of employees	Management staff	482	536	518
	General staff	1,071	1,161	1,122
	Technical staff	4,155	4,456	4,305
	Operators	7,627	6,998	6,762
	Total	13,335	13,151	12,707
Average age		34.09	35.22	35.31
Average years of service		4.89	5.18	5.21
Education distribution	Doctoral degree	0.00%	0.00%	0.00%
	Master's degree	0.26%	0.26%	0.27%
	University and college	4.15%	4.27%	4.59%
	Below senior high school	95.59%	95.47%	95.14%

IV. Information on environmental protection expenditures

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

Since 1997, the Company has been paying attention to the compliance of treated wastewater with the standards, and the discharge has now met the new discharge standards. In the future, the Company will focus on the maintenance of pollution prevention equipment and regular inspection, and timely prevention and improvement of environmental pollution-related problems to fulfill its corporate responsibility. The potential expenditures for the above countermeasures are mainly for regular inspection and equipment maintenance, which will not result in significant capital expenditure. Therefore, as of the date of publication of the annual report, there has been no loss (including compensation) due to environmental pollution.

V. Labor relations

(I) Employee welfare measures:

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

1. Borne by the Company
National health insurance, labor insurance, travel insurance, group insurance, appropriations of pension fund, wage arrear payment fund, and occupational disaster insurance.
 2. Offered by the Company
Performance award, year-end bonus, and other incentives...etc.; gifts for the three festivals, annual health checkups, dormitories for non-local employees, meal subsidies, library/reading room, yoga/tai chi classroom, and breastfeeding room.
 3. Benefit measures
Birthday and wedding gifts (coupons), maternity, hospitalization, funeral or celebrations, major accidents...etc., annual staff trips, annual dinners and lottery draw and recreational activities, etc.
- (II) Employee continued education and training:
The company provides appropriate education and training to employees.
1. Training for new employees: We arrange training courses for new employees in line with the recruitment plan of the Company. The courses include: information courses - DNA ERP system, financial process, introduction of auxiliary materials, washing course, customs process, operation course, basic introduction of fabric products (plain weave and knitting), quality inspection of main materials, knowledge of sewing, to strengthen new employees' overall understanding of the Company and products, and to enhance their sense of identity and belonging to the Company.
 2. On-the-job training for employees: Divided into hierarchical management foster, advanced training, professional function training, general knowledge training and SD (self-development) training, and encourage employees to obtain relevant licenses.

(III) Retirement system and implementation.

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

Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution retirement plan in accordance with the "Labor Pension Act" of the R.O.C., which is applicable to employees of the R.O.C. nationality. The Company and its domestic subsidiaries make monthly contributions of 6% of salaries to employees' personal accounts at the Bureau of Labor Insurance for employees who choose to be subject to the labor pension scheme under the Labor Pension Act of the R.O.C. Employees' pensions are paid in the form of monthly pensions or lump-sum pensions, depending on the amount of the employees' individual pension accounts and accumulated earnings. The Group's overseas subsidiaries make monthly provisions of 5% to 22% of local employees' salaries to the pension reserve and endowment insurance system on a voluntary basis in accordance with local government regulations. Each employee's pension is administered and arranged by the government.

(IV) For the most recent year and for the current year up to the date of publication of the annual report, the amount of loss due to labor disputes (including labor inspection results of violations

of the labor pension act, the penalty date, the penalty number, the provisions of the regulation violated, the content of the regulation violated, and the penalty content should be stated) and the estimated amount of current and potential future losses and countermeasures should be disclosed.

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

VI. Information Disclosure of Cyber Security Management:

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

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

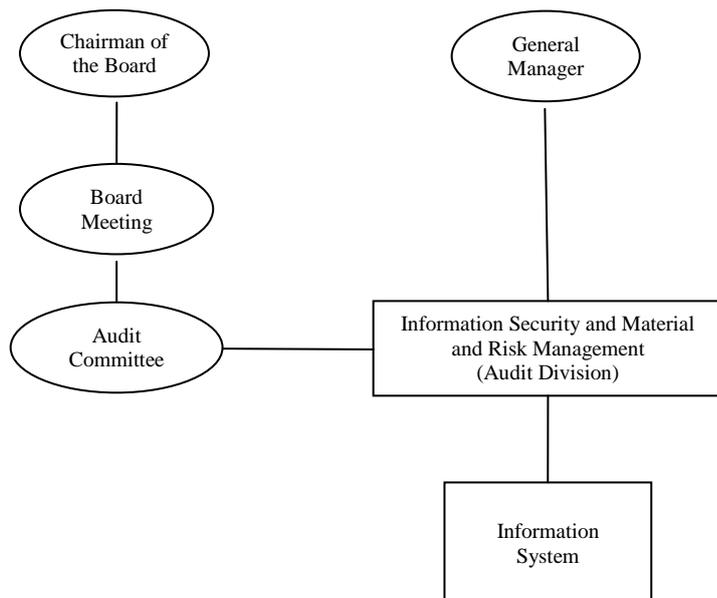
1. Corporate Information Security Governance Organization

(1) Risk Management Framework for Cyber Security

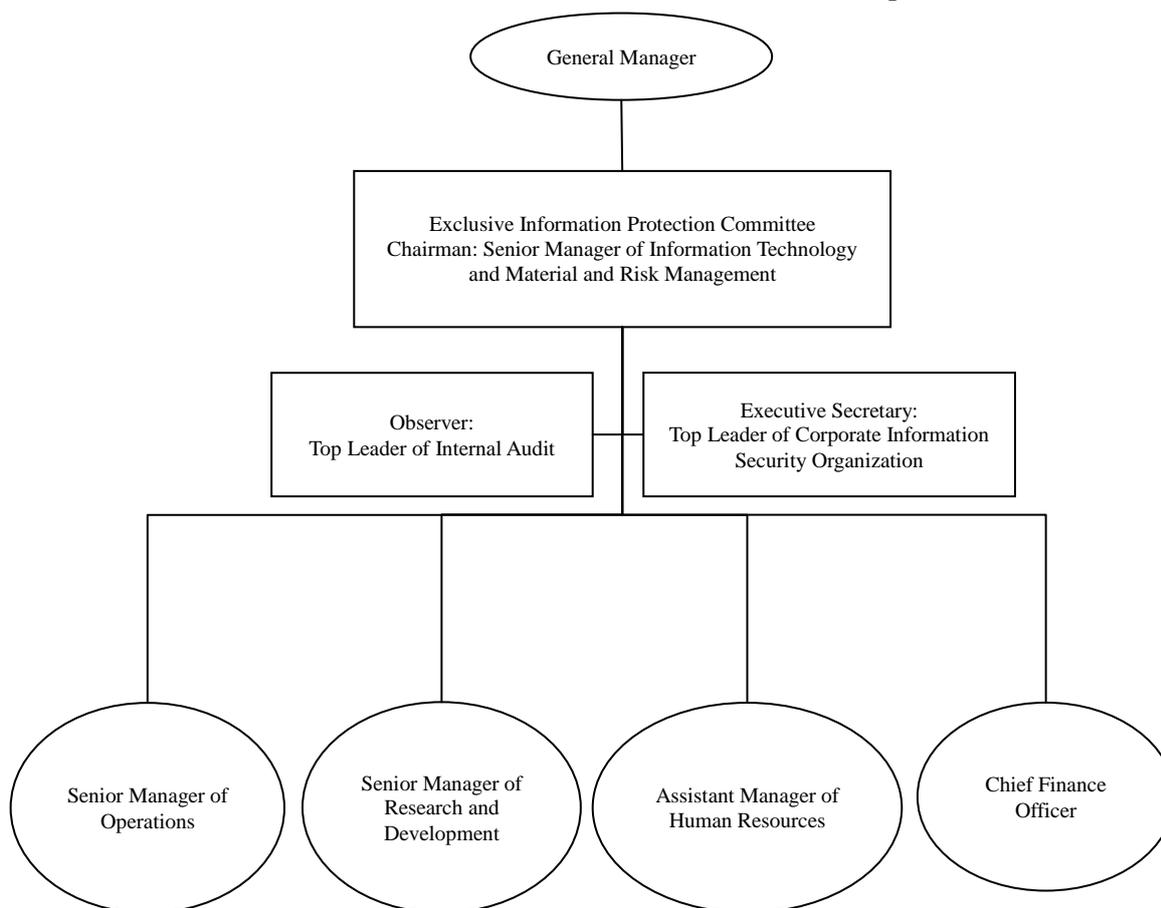
In 2022, Tainan Enterprises established the "Audit Division" with the Information System under it to coordinate information security and protection related policy formulation, implementation, risk management and compliance checking. The top leader of the enterprise information security organization reports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

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

(2) Organizational structure of corporate information security of Tainan Enterprises Co., Ltd.



(3) Structure of the Information Protection Committee of Tainan Enterprises Co., Ltd.



2. Cyber Security Policy

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

In order to effectively implement information security management, the Audit Division holds monthly meetings through the "Information Protection Promotion Team" that covers all units in the Taiwan plant and overseas subsidiaries to review the applicability of information security policies and protection measures based on the management cycle of

Plan-Do-Check-Act (PDCA), and reports regularly to the Exclusive Information Protection Committee on the effectiveness of implementation.

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

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

A. Plan:

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

B. Do

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

C. Check

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

D. Act

- a. Information Security Measures Review and Improvement

- b. Mastery of Information Security Threat Level Technology
 - c. Information Security Breach Level Disposal
 - d. Information Protection Questionnaire Survey
 - e. Information Security Training and Promotion
- (3) Specific Management Plan
- A. Multi-Level Information Security Protection
 - a. Network Security
 - i. Use advanced firewalls to provide protection against malware, exploitation of vulnerability, and malicious websites defend against and detect known and unknown attacks
 - ii. Cloud gateway protection, where mail is scanned by TMES before it reaches the corporate internal mail server
 - b. Device Security
 - i. Endpoint protection provide protection against malware, exploitation of vulnerability, and malicious websites
 - ii. Anti-Virus outsourced expert hosting services - Health checkup record form
 - c. Application Security
 - i. Continuously replace/update/upgrade old equipment and obsolete applications/software
 - ii. Continuously strengthen the application security control mechanism and integrate the development process and platform
 - d. Supply Chain Information Security
 - i. Externally, open only necessary connection PORT and fixed IP access in firewall control
 - ii. Regularly communicate the latest information security regulations and precautions of the Company
 - e. Data Security Protection Technology Enhancement
 - i. Implement advanced information protection tools to enhance confidential document classification and data protection through data tagging
 - ii. Encryption control and effective tracking of documents and data
 - B. Review and Continuous Improvement: Education, Training and Promotion
 - a. Information Security Promotion and Enhancement of Employee Information Security Concept
 - b. Regular external training and certification for information security specialists to enhance information security concepts and skills
 - C. Effectiveness monitoring: Execute information security maturity assessment and appoint external experts to execute company network security assessment regularly.

(II) Information security risks and countermeasures:

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

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

(III) Major information security incidents: None

VII. Important contracts

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

Six. Overview of Financial Status

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

(I.I) Consolidated Brief Balance Sheets - IFRSs

Unit: NT\$ Thousand

Items	Year	Financial information for the latest 5 years					The current year up to March 31, 2022 Financial Information (Note 2)
		2017 (Note 1)	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	
Current assets		3,968,068	3,364,007	3,130,380	2,926,757	3,282,834	3,767,042
Property, plant and equipment		1,231,447	1,172,189	1,176,287	1,098,836	1,040,175	1,043,590
Intangible assets		83,099	83,094	20,968	20,364	15,893	13,927
Other assets		954,943	1,466,482	1,503,205	992,917	874,342	900,237
Total assets		6,237,557	6,085,772	5,830,840	5,038,874	5,213,244	5,724,796
Current liabilities	Before distribution	1,624,605	2,030,558	1,787,406	1,517,467	1,947,770	2,281,683
	After distribution	1,698,010	2,103,635	1,860,483	1,546,698	Not yet been approved by a shareholders' meeting	Not yet been approved by a shareholders' meeting
Non-current liabilities		689,683	184,238	227,041	241,408	211,720	214,255
Total liabilities	Before distribution	2,314,288	2,214,796	2,014,447	1,758,875	2,159,490	2,495,938
	After distribution	2,387,693	2,287,873	2,087,524	1,788,106	Not yet been approved by a shareholders' meeting	Not yet been approved by a shareholders' meeting
Equity attributable to owners of the parent		3,813,457	3,874,815	3,820,094	3,279,999	3,053,754	3,228,858
Capital stock		1,471,564	1,471,535	1,471,535	1,471,535	1,471,535	1,471,535
Capital surplus	Before distribution	880,329	880,358	880,971	874,643	845,412	845,412
	After distribution	880,329	880,358	880,971	845,412	Not yet been approved by a shareholders' meeting	Not yet been approved by a shareholders' meeting
Retained Earing	Before distribution	1,538,803	1,549,564	1,553,531	1,119,289	971,561	1,084,244
	After distribution	1,465,398	1,476,487	1,480,454	1,119,289	Not yet been approved by a shareholders' meeting	Not yet been approved by a shareholders' meeting
Other equity		(68,431)	(3,979)	(63,280)	(162,805)	(212,091)	(149,670)
Treasury stock		(8,808)	(22,663)	(22,663)	(22,663)	(22,663)	(22,663)
Non-controlling equity		109,812	(3,839)	(3,701)	-	-	-
Total Equity	Before distribution	3,923,269	3,870,976	3,816,393	3,279,999	3,053,754	3,228,858
	After distribution	3,849,864	3,797,899	3,743,316	3,250,768	Not yet been approved by a shareholders' meeting	Not yet been approved by a shareholders' meeting

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

Note 2: The data of the most recent quarter up to the publication date of the annual report reviewed by the CPAs.

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

Unit: NT\$ Thousand

Items	Year	Financial information for the latest 5 years (Note 1)				
		2017 (Note 1)	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)
Current assets		2,351,737	2,488,887	2,214,802	2,013,306	2,296,973
Property, plant and equipment		402,088	396,094	392,239	390,816	385,909
Intangible assets		2,579	1,427	18,317	19,761	15,731
Other assets		2,822,999	2,884,588	2,817,185	2,385,289	2,104,959
Total assets		5,579,403	5,770,996	5,442,543	4,809,172	4,803,572
Current liabilities	Before distribution	1,148,653	1,782,635	1,549,438	1,472,891	1,700,672
	After distribution	1,222,058	1,855,712	1,622,515	1,502,122	Not yet been approved by a shareholders' meeting
Non-current liabilities		617,293	113,546	73,011	56,282	49,146
Total liabilities	Before distribution	1,765,946	1,896,181	1,622,449	1,529,173	1,749,818
	After distribution	1,839,351	1,969,258	1,695,526	1,558,404	Not yet been approved by a shareholders' meeting
Equity attributable to owners of parent		3,813,457	3,874,815	3,820,094	3,279,999	3,053,754
Capital stock		1,471,564	1,471,535	1,471,535	1,471,535	1,471,535
Capital surplus	Before distribution	880,329	880,358	880,971	874,643	845,412
	After distribution	880,329	880,358	880,971	845,412	Not yet been approved by a shareholders' meeting
Retained earnings	Before distribution	1,538,803	1,549,564	1,553,531	1,119,289	971,561
	After distribution	1,465,398	1,476,487	1,480,454	1,119,289	Not yet been approved by a shareholders' meeting
Other equity		(68,431)	(3,979)	(63,280)	(162,805)	(212,091)
Treasury stock		(8,808)	(22,663)	(22,663)	(22,663)	(22,663)
Non-controlling equity		-	-	-	-	-
Total equity	Before distribution	3,813,457	3,874,815	3,820,094	3,279,999	3,053,754
	After distribution	3,740,052	3,801,738	3,747,017	3,250,768	Not yet been approved by a shareholders' meeting

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

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

Unit: NT\$ Thousand

Item \ Year	2017 (Note 1)	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	Current year up to March 31, 2021 Financial Information (Note 2)
Operating revenue	8,328,546	8,326,359	7,660,848	5,970,540	5,761,476	2,323,687
Gross operating profit	1,046,661	1,067,602	1,065,892	670,952	776,208	376,780
Operating income	14,811	5,293	74,490	(327,993)	(156,630)	101,028
Non-operating revenue and expense	75,564	104,796	(7,916)	(52,752)	29,972	31,419
Net profit before tax	90,375	110,089	66,574	(380,745)	(126,658)	132,447
Continuing operations Current net profit	48,932	64,933	80,788	(355,198)	(135,104)	112,683
Loss from discontinued operations	-	-	-	-	-	-
Current net profit (loss)	48,932	64,933	80,788	(355,198)	(135,104)	112,683
Current other comprehensive income (net after tax)	(171,092)	71,591	(61,791)	(102,131)	(61,910)	62,421
Current total comprehensive income	(122,160)	136,524	18,997	(457,329)	(197,014)	175,104
Net profit attributable to owners of the parent	93,858	79,545	80,481	(358,606)	(135,104)	112,683
Net profit attributable to non-controlling equity	(44,926)	(14,612)	307	3,408	-	-
Total comprehensive income attributable to owners of the parent	(67,966)	148,618	18,859	(460,690)	(197,014)	175,104
Total comprehensive income attributable to non-controlling equity	(54,194)	(12,094)	138	3,361	-	-
EPS	0.64	0.54	0.55	(2.45)	(0.92)	0.77

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

Note 2: The data of the most recent quarter up to the publication date of the annual report reviewed by the CPAs

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

Unit: NT\$ Thousand

Item	Year				
	2017 (Note 1)	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)
Operating revenue	7,257,953	7,510,682	7,644,511	5,907,901	5,599,470
Gross operating profit	455,085	520,659	548,477	393,429	499,110
Operating income	13,784	62,796	73,836	(163,358)	31,097
Non-operating revenue and expense	113,393	43,422	(19,755)	(221,763)	(169,378)
Net profit before tax	127,177	106,218	54,081	(385,121)	(138,281)
Continuing operations					
Current net profit	93,858	79,545	80,481	(358,606)	(135,104)
Loss from discontinued operations	-	-	-	-	-
Current net profit (loss)	93,858	79,545	80,481	(358,606)	(135,104)
Current other comprehensive income(net after tax)	(161,824)	69,073	(61,622)	(102,084)	(61,910)
Current total comprehensive income	(67,966)	148,618	18,859	(460,690)	(197,014)
Net profit attributable to owners of the parent	93,858	79,545	80,481	(358,606)	(135,104)
Net profit attributable to non-controlling equity	-	-	-	-	-
Total comprehensive income attributable to owners of the parent	(67,966)	148,618	18,859	(460,690)	(197,014)
Total comprehensive income attributable to non-controlling equity	-	-	-	-	-
EPS	0.64	0.54	0.55	(2.45)	(0.92)

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

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

Year	Name of the external auditor	Audit opinions
2017	Liu Tzu-Meng/Lin Tzu-Shu	Unqualified opinion
2018	Liu Tzu-Meng/Lin Tzu-Shu	Unqualified opinion
2019	Liu Tzu-Meng/Lin Tzu-Shu	Unqualified opinion
2020	Tien Chung-Yu/Lin Tzu-Shu	Unqualified opinion
2021	Tien Chung-Yu/Lin Tzu-Shu	Unqualified opinion

Note: The Company's financial statements present fairly, in all material aspects, the consolidated financial positions of Tainan Enterprise Co., Ltd. as of December 31, 2021 and 2020, and the consolidated financial performance and cash flow for the periods from January 1 to December 31, 2021 and 2020, in conformity with the "Regulations Governing the Preparation of Financial Report by Securities Issuers," as well as the International Financial Reporting Standards (hereinafter referred to as IFRSs), International Accounting Standards (hereinafter referred to as IAS), IFRIC Interpretations and SIC Interpretations endorsed by the R.O.C. Financial Supervisory Commission (hereinafter referred to as "FSC").

II. Financial analyses for the past 5 fiscal years

(II.I) Consolidated Financial Analysis - IFRSs

Year (Note 1) Analysis Items (Note 5)		Financial analysis for the latest 5 years					
		2017 (Note 1)	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	Current year up to March 31, 2021 Financial Information (Note 2)
Financial structure %	Liability to asset ratio	37.10	36.39	34.54	34.90	41.42	43.59
	Tong-term fund to property, plant and equipment	374.59	345.95	343.74	320.46	313.93	329.92
Solvency %	Current ratio	244.24	165.66	175.13	192.87	168.54	165.09
	Quick ratio	165.21	108.43	106.34	133.60	99.51	117.52
	Interest coverage ratio	4.02	3.52	2.47	(14.08)	(9.33)	36.52
Operating ability	Receivables turnover (counts)	6.18	6.26	6.09	5.16	5.00	6.14
	Average cash collection days	59.06	58.30	59.93	70.73	73.00	59.44
	Inventory turnover (counts)	7.12	7.29	6.68	5.82	4.99	7.09
	Payables turnover (counts)	15.02	17.35	20.59	16.65	14.34	20.77
	Average days for sale of goods	51.26	50.06	54.64	62.71	73.14	51.48
	Property, plant and equipment turnover (counts)	6.56	6.92	6.52	5.24	5.38	8.92
	Total assets turnover (counts)	1.27	1.35	1.28	1.09	1.12	1.69
Profitability	ROA (%)	1.81	1.88	1.91	(6.24)	(2.44)	2.12
	ROE (%)	2.39	2.06	2.09	(10.10)	(4.26)	3.58
	Income before tax to paid-in capital ratio (%)	6.14	7.48	4.52	(25.87)	(8.60)	9.00
	Net profit margin (%)	1.12	0.95	1.05	(6.00)	(2.34)	4.84
	EPS (NT\$)	0.64	0.54	0.55	(2.45)	(0.92)	0.77
Cash flow	Cash flow ratio (%)	41.14	(2.64)	21.55	11.13	(26.32)	(9.70)
	Cash flow adequacy ratio (%)	108.05	105.38	129.20	134.67	41.41	Note 4
	Cash reinvestment ratio (%)	8.95	Note 3	6.40	2.21	Note 3	Note 3
Leverage	Operating leverage	99.20	274.55	19.94	(2.92)	(6.30)	4.85
	Financial leverage	(0.95)	(0.13)	2.31	0.93	0.92	1.04

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

1. Quick ratio decreased: mainly due to shortage of containers resulting in increase in inventory.
2. Interest coverage ratio increased: due to decreased interest expenses during the period.
3. Return on assets increased: mainly because the net income after tax decreased from the loss in 2020, and total assets increased.
4. Return on equity increased: mainly because the net income after tax decreased from the loss in 2020
5. Increase in income before tax to paid-in capital ratio: mainly because the net income after tax decreased from the loss in 2020.
6. Net margin decreased: mainly because the net income after tax decreased from the loss in 2020.
7. EPS increased: mainly because the profit and loss attributable to the owners of parent decreased from the loss in 2020
8. Cash flow ratio decreased: mainly because it was an outflow in terms of net cash flow from operating activities for 2021.
9. Cash flow adequacy ratio decreased: mainly due to shortage of containers resulting in increase in inventory for 2021.
10. Cash reinvestment ratio decreased: mainly because it was an outflow in terms of net cash flow from operating activities for 2021.
11. Operating leverage decreased: in this period, it is because the revenue decreased but operating costs increase, the operating income became negative.

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

Note 2: The data of the most recent quarter up to the publication date of the annual report audited (reviewed by the CPAs)

Note 3: The balance of the net cash flow from the operating activities minus cash dividends is negative, so no calculation is made.

Note 4: The balance of the net cash flow from the operating activities in the past five years is negative, so no calculation is made.

Note 5: The end of this statement in the annual report shall list the following formula:

1. Financial structure

(1) Liabilities to assets ratio = total liabilities / total assets.

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

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (Current assets - inventory - prepaid expenses) / current liabilities. (including inventory and construction work in progress).

(3) Interest protection multiples = net profit before income tax and interest expense / interest expense in the current period

3. Operation capability

(1) Receivable (including accounts receivable and bills receivable arising from business operation) turnover rate = Net sales of goods / Average receivables for different periods (including balance of accounts receivable and bills receivable arising from business operation).

(2) Average number of days of cash receipt = 365 / Receivables turnover rate.

(3) Inventory turnover rate = goods sale costs / average inventory (including inventory and construction work in progress).

(4) Payable (including accounts payable and notes payable due to business) turnover rate = cost of sales / average balance payable on each period (including accounts payable and notes payable due to business)

(5) Days sales outstanding = 365 / inventory turnover rate

(6) Property, plant and equipment turnover rate = net sales / net average property, plant and equipment value

(7) Total asset turnover rate = net sales / average total assets

4. Profitability

- (1) Return on assets = [after tax profit and loss + interest expense × (1 - tax rate)] / average total assets
- (2) Return on equity = after tax profit and loss / average equity
- (3) Net profit margin = after tax profit and loss / net sales
- (4) Earnings per share = (profit or loss attributable to parent company owner - special dividend) / weighted average number of issued shares (Note 6)

5. Cash flows

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividends) in the last five years
- (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long term investment + other non-current assets + working capital) (Note 7)

6. Leverage

- (1) Operating leverage = (net operating income - changing operating costs and expenses) / operating profit (Note 8).
- (2) Financial leverage = operating profit / (operating profit - interest expense)

Note 6: When measuring the aforesaid formula of earnings per share, the following shall be noted:

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

Note 7: Attention shall be paid to the following when measuring the cash flow analysis:

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

Note 8: Issuers shall categorize each operating cost and operating expense based on the nature as fixed or variable. If estimation or subjective judgement is involved, the reasonability and consistency shall be paid attention to.

Note 9: In case the shares have no face value or the face value is not NT\$10, the abovementioned percentage in the paid-up capital shall be replaced by the equity attributable to the owners of the parent company in the balance sheet.

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

Year (Note 1) Analysis Items (Note 3)		Financial analysis for the latest 5 years				
		2017 (Note 1)	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)
Financial structure %	Liability to asset ratio	31.65	32.85	29.81	31.79	36.42
	Tong-term fund to property, plant and equipment	1101.93	1006.92	992.53	853.67	804.04
Solvency %	Current ratio	204.73	139.61	142.94	136.69	135.06
	Quick ratio	160.98	115.42	106.92	105.70	84.11
	Interest coverage ratio	6.73	4.08	2.57	(21.21)	(22.06)
Operating ability	Receivables turnover (counts)	6.10	6.20	6.26	5.20	5.05
	Average cash collection days	59.83	58.87	58.30	70.19	72.27
	Inventory turnover (counts)	17.60	16.31	14.83	11.23	8.59
	Payables turnover (counts)	14.27	15.25	18.21	13.54	13.05
	Average days for sale of goods	20.73	22.37	24.61	32.50	42.49
	Property, plant and equipment turnover (counts)	15.83	18.81	19.39	15.08	14.41
	Total assets turnover (counts)	1.22	1.32	1.36	1.15	1.16
Profitability	ROA (%)	1.89	1.92	1.88	(6.74)	(2.70)
	ROE (%)	2.39	2.06	2.09	(10.10)	(4.26)
	Income before tax to paid-in capital ratio (%)	8.64	7.21	3.67	(26.17)	(9.39)
	Net profit margin (%)	1.29	1.05	1.05	(6.06)	(2.41)
	EPS (NT\$)	0.64	0.54	0.55	(2.45)	(0.92)
Cash flow	Cash flow ratio (%)	26.74	(9.26)	6.60	8.61	(32.22)
	Cash flow adequacy ratio (%)	150.80	123.17	77.32	94.62	Note 4
	Cash reinvestment ratio (%)	2.98	Note 3	0.75	1.63	Note 3
Leverage	Operating leverage	72.00	16.69	15.21	4.90	27.12
	Financial leverage	(1.62)	2.41	1.75	1.10	1.24

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

1. Decrease in quick ratio: primarily as a result of the increase in inventories resulting from the overdue delivery caused by COVID-19 and port congestion affecting the shipping schedule.
2. Decrease in inventory turnover (counts): primarily as a result of the decrease in purchase orders and increase in inventory caused by COVID-19.
3. Increase in average days for sale of goods: primarily as a result of the increase in inventory turnover.
4. Increase in ROA: primarily as a result of the decrease in the loss after tax from 2020.
5. Increase in ROE: primarily as a result of the decrease in the loss after tax from 2020.
6. Increase in income before tax to paid-in capital ratio: Primarily as a result of the decrease in loss before tax from 2020.
7. Increase in net profit margin: primarily as a result of the decrease in the loss after tax from 2020.
8. Increase in EPS: Primarily as a result of the decrease in the loss after tax from 2020.
9. Decrease in cash flow ratio: Primarily as a result of the increase in inventory, accounts receivable and prepayments from 2020.
10. Decrease in cash reinvestment ratio: primarily as a result of the cash outflow from operating activities.
11. Increase in operating leverage: primarily as a result of the increase in operating profit from 2020.

- Note 1: The financial information for each year mentioned above has been audited and certified by the CPAs.
- Note 2: The data of the most recent quarter up to the publication date of the annual report audited (reviewed by the CPAs)
- Note 3: The balance of the net cash flow from the operating activities minus cash dividends is negative, so no calculation is made.
- Note 4: The balance of the net cash flow from the operating activities in the past five years is negative, so no calculation is made.
- Note 5: The end of this statement in the annual report shall list the following formula:
1. Financial structure
 - (1) Liabilities to assets ratio = total liabilities / total assets.
 - (2) Long-term capital to real estate ratio, plant to equipment ratio = (total equity + non-current liabilities) / net value of real estate, plant and equipment.
 2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (Current assets - inventory - prepaid expenses) / current liabilities. (including inventory and construction work in progress).
 - (3) Interest protection multiples = net profit before income tax and interest expense / interest expense in the current period
 3. Operation capability
 - (1) Receivable (including accounts receivable and bills receivable arising from business operation) turnover rate = Net sales of goods / Average receivables for different periods (including balance of accounts receivable and bills receivable arising from business operation).
 - (2) Average number of days of cash receipt = 365 / Receivables turnover rate.
 - (3) Inventory turnover rate = goods sale costs / average inventory (including inventory and construction work in progress).
 - (4) Payable (including accounts payable and notes payable due to business) turnover rate = cost of sales / average balance payable on each period (including accounts payable and notes payable due to business)
 - (5) Days sales outstanding = 365 / inventory turnover rate
 - (6) Property, plant and equipment turnover rate = net sales / net average property, plant and equipment value
 - (7) Total asset turnover rate = net sales / average total assets
 4. Profitability
 - (1) Return on assets = [after tax profit and loss + interest expense × (1 - tax rate)] / average total assets
 - (2) Return on equity = after tax profit and loss / average equity
 - (3) Net profit margin = after tax profit and loss / net sales
 - (4) Earnings per share = (profit or loss attributable to parent company owner - special dividend) / weighted average number of issued shares (Note 4)
 5. Cash flows
 - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
 - (2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividends) in the last five years
 - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long term investment + other non-current assets + working capital) (Note 5)
 6. Leverage
 - (1) Operating leverage = (net operating income - changing operating costs and expenses) / operating profit (Note 6).
 - (2) Financial leverage = operating profit / (operating profit - interest expense)
- Note 6: When measuring the aforesaid formula of earnings per share, the following shall be noted:
1. The basis shall be the weighted average of common shares, but not the issued shares at the year end.
 2. For any capital increase in cash or treasury share transaction, the outstanding period shall be considered when calculating the weighted average shares
 3. Any earnings or capital surplus to capital increase, the retrospective adjustment shall be applied when calculating the earnings per share of the previous years or for six months, the issuance period of such capital increase needs not be considered.

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

Note 7: Attention shall be paid to the following when measuring the cash flow analysis:

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

Note 8: Issuers shall categorize each operating cost and operating expense based on the nature as fixed or variable. If estimation or subjective judgement is involved, the reasonability and consistency shall be paid attention to.

Note 9: In case the shares have no face value or the face value is not NT\$10, the abovementioned percentage in the paid-up capital shall be replaced by the equity attributable to the owners of the parent company in the balance sheet.

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

Audit Committee's Audit Report

The Board Meeting prepared the Company's 2021 annual business report, parent company only and consolidated financial statements and earnings appropriation proposal. Among them, the parent company only and consolidated financial statements have been checked by PwC Taiwan and an audit report with unqualified opinion has been issued. Said business report, parent company only and consolidated financial statements and earnings appropriation proposal have been reviewed by the Audit Committee and found to have no inconsistencies. This report is issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review it accordingly.

Tainan Enterprises Co., Ltd.

Convener of Audit Committee: Lien King-Biau

March 22, 2022

- IV. Most recent financial statements: Please refer to Pages 148~236 for details.
- V. Most recent parent company only financial statements audited and certified by CPAs: Please refer to Pages 237~339 for details.
- VI. If the Company and its affiliates have encountered any financial turnover problems for the most recent fiscal year and until the date of publication of the annual report: None.

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

I. Financial position

Unit: NT\$ Thousand

Item	Year	2021	2020	Variance	
				Amount	%
Current assets		3,282,834	2,926,757	356,077	12.17
Held-to-maturity assets - non-current		-	-	-	-
Financial assets carried at amortized cost - non-current		352,363	405,136	(52,773)	(13.03)
Property, plant and equipment		1,040,175	1,098,836	(58,661)	(5.34)
Intangible assets		15,893	20,364	(4,471)	(21.96)
Other assets		521,979	587,781	(65,802)	(11.19)
Total assets		5,213,244	5,038,874	174,370	3.46
Current liabilities		1,947,770	1,517,467	430,303	28.36
Long-term loan		-	-	-	-
Other non-current liabilities		211,720	241,408	(29,688)	(12.30)
Total liabilities		2,159,490	1,758,875	400,615	22.78
Equity attributable to owners of the parent		3,053,754	3,279,999	(226,245)	(6.90)
Capital stock		1,471,535	1,471,535	-	-
Advance receipts for common stock		-	-	-	-
Capital surplus		845,412	874,643	(29,231)	(3.34)
Retained earnings		971,561	1,119,289	(147,728)	(13.20)
Other equity		(212,091)	(162,805)	(49,286)	30.27
Treasury stock		(22,663)	(22,663)	-	-
Non-controlling equity		-	-	-	-
Total equity		3,053,754	3,279,999	(226,245)	(6.90)
<p>Explanation and analysis on the causes of the changes in assets, liabilities and shareholders' equity by more than 20% in the most recent two years, if any:</p> <ol style="list-style-type: none"> 1. Decrease in intangible assets: primarily as a result of the amortization of computer software. 2. Increase in current liabilities: primarily as a result of the increase in short-term loan. 3. Increase in total liabilities: See Paragraph 2. 4. Decrease in other equity: primarily as a result of the loss from exchange differences on translation of foreign financial statements caused by the depreciation of USD in the current period. 					

II. Financial Performance

(I) Comparison and analysis of operating results

Unit: NT\$ Thousand

Item \ Year	2021	2020	Variance	
			Amount	%
Operating revenue, net	5,761,476	5,970,540	(209,064)	(3.50)
Operating costs	4,985,268	5,299,588	(314,320)	(5.93)
Gross operating profit	776,208	670,952	105,256	15.69
Operating expenses	932,838	998,945	(66,107)	(6.62)
Operating income	(156,630)	(327,993)	171,363	(52.25)
Non-operating revenue and expense	29,972	(52,752)	82,724	(156.82)
Net profit before tax	(126,658)	(380,745)	254,087	(66.73)
Income tax expenses	(8,446)	(25,547)	17,101	(66.94)
Current net profit (loss)	(135,104)	(355,198)	220,094	(61.96)

Explanation and analysis on the causes of the changes in operating loss, non-operating revenue and expense, net profit before tax, income tax expense and current net loss by more than 20% in the most recent two years, if any:

1. Decrease in operating loss:

(1) Upon going through the COVID-19 epidemic in 2021, the economic activities are recovering in Europe and the USA. Regardless of the declining overall new orders from last year, bad debts and losses from the cancelation of orders declined significantly too.

2. Non-operating revenue and expenses:

(1) JEI JOM Enterprise, the subsidiary of the Company's joint venture, New Premium Enterprise Co., Ltd., was shut down per the resolution of the Board Meeting in 2020. Therefore, the difference in the cost and net worth was stated as the impairment loss on investments under the equity method as a whole. No impairment loss on investment under equity method arose in 2021.

(2) The bank interest cost decreased resulting from the bank interest rate declining with the lowest record in 2021.

3. Net profit before tax: Customers' financial position became poor due to the impact posed by the COVID-19 epidemic in 2020 and the expected credit impairment loss was stated accordingly. Regardless of the declining overall new orders in 2021 from last year, bad debts and losses from cancelation of orders declined significantly too.

4. Increase in income tax expenses:

(1) Primarily as a result of the decrease in losses from net profit before tax.

5. Decrease in current net loss: primarily as a result of the decrease in the Group's loss.

(II) Expected sale volume and basis thereof: the Company follows its business plan, considers the industrial planning and relies on the past business performance, in order to set the annual sales target.

(III) Due to the impact posed by the COVID-19 in the past year, the Company's sales and profit delivered negative growth. In order to deal with the contingent impact, the Company will research and develop new technologies and new products and also develop new customers, more pro-actively and also expand its production capacity effectively to improve its efficiency, in order to increase the Company's earnings. Therefore, the Company's business and financial position are expected to grow positively.

III. Cash flow

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

Unit: NT\$ Thousand

Item \ Year	2021	2020	Variance	
			Amount	%
Operating activities	(512,668)	168,959	(681,627)	(403.43)
Investing activities	40,865	504,831	(463,966)	(91.91)
Financing activities	303,101	(303,711)	606,812	(199.80)

Explanation and analysis on the causes of the changes in amounts by more than 20% in the most recent two years, if any:

1. Decrease in net cash inflow from operating activities: Primarily as a result of (1) shortage of containers and overdue shipping schedule caused by the COVID-19 epidemic, making it impossible to export goods per certain orders timely and prepare for materials for following orders at the end of 2021, thus resulting in the increase in inventory at the end of the year. (2) Given the growth of the Group's operating revenue in Q4 of 2021 from the same period of 2020, the accounts receivable at the end of year increased accordingly.
2. Decrease in net cash inflow from investing activities: The decrease in financial assets carried at amortized cost that were expired in 2021 resulted in the decrease in the cash inflow.
3. Increase in the net cash inflow from financing activities: Primarily as a result of the increase in the short-term loan borrowed in the current period to satisfy the business needs.

(II) Analysis on liquidity for the coming year

Unit: NT\$ Thousand

Balance of cash, beginning	Projected net cash flow from operating activities for the year	Projected cash outflow for the year	Projected cash balance (deficit)	Projected corrective measures against insufficient cash position	
				Investment plan	Wealth management plan
681,095	2,070,487	(2,051,198)	700,384	—	—

Changes in the cash flow this year (2021):

- (1) Operating activities: the net cash inflow from operating activities resulted from the earnings for the current year.
- (2) Investing activities: improvement and integration of computer software and replacement of old production line equipment for new one are expected to generate net cash outflow.
- (3) Financing activities: repayment of short-term loan and principal for the lease is expected to generate net cash outflow.

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

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

(I) Profit and loss for the period was better than last year, but was still significantly affected by the epidemic, especially by high freight costs, shortage of containers and longer shipping routes, which affected production and incurred additional costs. Sales were mainly exported and traded in USD, which were affected by the depreciation of USD, resulting in a decrease in gross profit and operating profit.

(II) Investment plan for the coming year:

In 2022, we expect to continue to carry out customer structure adjustment on the basis of the past, shift to high profitability items, explore new items, new customers, new business models to diversify risks, increase the proportion of the Canadian and Japanese markets and actively develop domestic market orders in Europe and China, Indonesia, Cambodia, Taiwan, etc.; invest in technology, through automation, intelligence, AI-assisted production and through information, data, BI to assist in decision-making with an estimated investment of NT\$80,000,000.

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

(I) The impact of the changes in interest rate and exchange rate, and inflation on the Company's profitability and future corresponding measures:

1. Interest rate

(1) The Group's interest rate risk arises mainly from long-term borrowings at floating interest rates, which expose the Group to cash flow interest rate risk, partially offset by cash and cash equivalents held at floating interest rates. For the years of 2021 and 2020, the Group's borrowings at floating interest rates were mainly denominated in NTD and USD.

(2) If borrowing interest rates had increased or decreased by 1%, with all other factors held constant, net profit would have decreased or increased by \$63 and \$155 for 2021 and 2020, respectively, primarily due to changes in interest expense as a result of floating rate borrowings.

2. Exchange rate

(1) The Group operates on a multinational basis and is exposed to exchange rate risk arising from transactions with different functional currencies from those of the Company and its subsidiaries, mainly the USD and RMB. The related exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

(2) The management of the Group has established policies that require each company within the Group to manage its exchange rate risk relative to its functional currency. Each company is expected to hedge its overall exchange rate risk through the Group's Finance Department. Exchange rate risk is measured through anticipated transactions with a high probability of incurring USD and RMB expenditures, using forward foreign exchange contracts to reduce the impact of the exchange rate fluctuations on the expected cost of purchased inventories.

(3) The Group uses forward exchange rate transactions to hedge exchange rate risk, but does not apply hedge accounting to account for financial assets or liabilities measured at fair value through profit or loss, as described in Note 6, (2) Financial assets and liabilities measured at fair value through profit or loss.

(4) The Group's risk management policy is to hedge the expected future cash flows of major currencies, mainly USD denominated inventory purchases, in order to reduce the risk exposure of major currencies.

(5) The Group holds certain investments in foreign operations whose net assets are subject to foreign currency translation risk. The exchange rate risk arising from the net assets of the Group's foreign operations is managed mainly through liabilities denominated in the relevant foreign currencies.

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

		December 31, 2021		
(Foreign currency: Functional currency)		Foreign currency (in thousands)	Exchange rate	Carrying amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	\$	49,530	27.68	\$ 1,370,990
RMB: NTD		19,719	4.344	85,660
IDR: USD		18,748,232	0.000070	36,369
VND: USD		9,311,065	0.000044	11,255
<u>Investments accounted for using the equity method</u>				
USD: NTD		339	27.68	9,395
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD: NTD		44,980	27.68	1,245,040
RMB: NTD		20,429	4.344	88,745
IDR: USD		46,177,878	0.000070	89,579
VND: USD		21,280,404	0.000044	25,722
		December 31, 2020		
(Foreign currency: Functional currency)		Foreign currency (in thousands)	Exchange rate	Carrying amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	\$	53,994	28.48	\$ 1,537,736
RMB: NTD		35,118	4.36	153,712
IDR: USD		7,543,387	0.000071	15,231
KHR: USD		558,751	0.000245	3,899
<u>Investments accounted for using the equity method</u>				
USD: NTD		1,631	28.48	46,459
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD: NTD		30,664	28.48	873,321
RMB: NTD		39,995	4.36	175,051
IDR: USD		39,609,675	0.000071	79,978
VND: USD		17,063,400	0.000043	20,723

Sensitivity analysis of foreign currency exchange rate risk is calculated for monetary items denominated in foreign currencies at the end of the financial reporting period. If NTD had strengthened or weakened by 1% against each foreign currency, with all other factors held constant, the Group's pre-tax profit would have increased or decreased by \$552 and \$5,615 in 2021 and 2020, respectively.

- (7) The aggregate amount of all exchange gains (losses) (both realized and unrealized) recognized for the years of 2021 and 2020 was \$2,181 and (\$37,446), respectively, due to the significant impact of exchange rate fluctuations on the Group's monetary items.

3. Inflation rate

The inflation rate in 2021 and 2020 was not significant and had no impact on the Company's normal operations and profitability.

4. Credit risk

- (1) The Group's credit risk is caused by the failure of customers or trading partners of financial instruments to meet their contractual obligations. The Group's exposure to financial losses arises primarily from the inability of trading partners to settle accounts receivable on collection terms and pay contractual cash flows from investments classified as debt instruments measured at amortized cost.
- (2) The Group establishes the management of credit risk from a group perspective. For banks and financial institutions, only those with a rating of at least "A" by an independent credit rating agency can be accepted as trading partners. According to the internal credit policy, each operating entity within the Group is required to conduct management and credit risk analysis for new customers before setting the terms and conditions of payment and delivery. Internal risk control is used to assess the credit quality of customers by considering their financial position, past experience and other factors. Individual risk limits are established by the Board Meeting based on internal or external ratings and the use of credit limits is monitored regularly.
- (3) In accordance with credit risk management, the Group considers the credit risk of financial assets to have increased significantly when contractual payments are more than 30 days overdue in accordance with the contractual payment terms.
- (4) The Group uses IFRS 9 to provide the premise that a default is deemed to have occurred when contractual payments are more than 90 days overdue in accordance with the contractual payment terms.
- (5) The Group classified the notes and accounts receivable from customers according to their ratings and the characteristics of the types of customers, and used a simplified method to estimate the allowance for losses on accounts receivable by adjusting the estimated credit losses based on historical and current information for a specific period for prospective consideration. The Group's loss rate method at December 31, 2021 and 2020 is stated as following:

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Allowance for losses</u>
<u>December 31, 2021</u>			
Individual D	0.00%	\$ 56,640	\$ -
Group A	0.24%	1,092,841	4,310
Total		<u>\$ 1,149,481</u>	<u>\$ 4,310</u>
	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Allowance for losses</u>
<u>December 31, 2020</u>			
Individual A	39.15%	\$ 95,693	\$ 37,459
Individual B	14.55%	183,274	26,672
Individual C	67.97%	13,980	9,503
Individual D	74.35%	67,813	50,418
Group A	0.07%	792,252	-
Total		<u>\$ 1,153,012</u>	<u>\$ 124,052</u>

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

	2021	2020
January 1	\$ 124,052	\$ -
Expected credit impairment loss	7,044	124,052
Transferred to income (listed as "Other income")	(989)	-
Write-off of uncollectible amounts	(125,797)	-
December 31	<u>\$ 4,310</u>	<u>\$ 124,052</u>

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

1. The Company did not engage in high-risk and high-leverage investments in the most recent year.
2. The Company's endorsement and lending of funds to others are handled in accordance with the "Procedures for Endorsement and Guarantee" and "Procedures for Lending of Funds to Others" established by the Company.
3. The Group's daily operations are subject to a number of financial risks, including market risk (including exchange rate risk, price risk and interest rate risk), credit risk and liquidity risk. In order to reduce the adverse effect of uncertainty on the Group's financial performance, the Group enters into forward exchange rate contracts and exchange rate option contracts to hedge the exchange rate risk. The derivatives entered into by the Group are for hedging purposes and are not for trading or speculative purposes.
4. Risk management is performed by the Group's Finance Department in accordance with the policies approved by the Board Meeting. The Group's Finance Department is responsible for the identification, assessment and hedging of financial risks by working closely with the Group's operating units. The Board Meeting has written principles for overall risk management and also provides written policies for specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of surplus circulating capital.
5. As of December 31, 2021, the Company had investments in Russian bonds amounting to \$39,730 (US\$1,435 thousand, listed as "Financial assets measured at amortized cost - current"). Due to the outbreak of the military conflict between Russia and Ukraine on February 24, 2022, economic sanctions were imposed on Russia by various countries. After evaluating the restrictions of these economic sanctions on the movement of currency exchange rates and financial controls in Russia, the credit risk of the Group's investment in these bonds has increased significantly, which may adversely affect the possibility of recovery by the investors.

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

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

Unit: NT\$ Thousand

Year	2021	Until March 31, 2022
Item		
Research expenditure	73,251	18,601

2. Working paper of technologies or products developed successfully

Scope of R&D	Date of completion	R&D results
Job improvement	December 2021	120.5% in 2016; 102% in 2017; 97% in 2018; 95% in 2019; 86% in 2020; 108% in 2021
re-do rate and repair rate	December 2021	Re-do; 0.50% in 2016; 0.30% in 2017 0.15% in 2018; 0.50% in 2019 0.25% in 2020; 2.57% in 2021 Rejected/repair rate: 1.35% in 2016; 1.25% in 2017; 0.71 in 2018; 1.51% in 2019 1.66% in 2020; 2.57% in 2021

3. Future R&D plans

- (1) Value the dimension of HR development.
- (2) Control quality and specialize the production.
- (3) Improve the timeliness of main and auxiliary materials in place.
- (4) Accelerate the information system integration and construction.
- (5) Adjust the sample room's operating model and allocation of resources.
- (6) Accelerate the improvement and efficiency of the technology for production of gliding discs.
- (7) Expand IE process functions to make them more precise and rapid, and train professional talents.
- (8) 3D stimulation system to reduce patternmaking and sample preparation speed and expenses

4. Additional investments in R&D Expenses

In order to improve the competitiveness, we value R&D very much and increase our expenditure in development year by year. The investments are expected to be identical with those spent in last year.

5. Time scheduled to complete the mass production

For the time being, it would take about 2 months from patternmaking and sample preparation for one single series until completion of mass production and shipment thereof. Benefiting from the improvement in technology and application of assistive device for production, the Company aims to spend 1.2 months in "scheduled completion of mass production" with respect to urgent orders.

6. Key factors critical to success in the future R&D

The success in the future R&D relies on the order trend as one of the key points. In the recent years, per the customers' needs and fashion trend, R&D Division has provided foreign affiliates with technological supports and also worked with customers to develop samples, increased 3D patternmaking to reduce the travel time and cost in sample preparation, satisfy customers' diversified needs, strengthen competitive strengths, improve technology and strengthen the transformation speed. Meanwhile, the other factors include professional talent (for patternmaking, sample preparation and fashion design) training and retention plans, overseas technological cooperation and exchange, creativity and ability to solve problems.

7. Build the exclusive laboratory

- (1) Invest in related inspection equipment and standard inspections required by customers and on various epidemic prevention product series.
- (2) Fabric function test: water absorption/permeability/humidity management/waterproof
- (3) Fabric performance test: color fastness/post-washing dimensional stability/strength test/abrasion test.
- (4) Establish the exclusive production room for medical apparels and accessories.

(IV) Financial impacts to the Company and the Company's response measures due to change of local and foreign important policies and laws in recent years: None.

(V) Financial impacts to the Company and the Company's response measures due to changes in technologies and industries (Contains Information security risk):

Apply the IT technology in each production cycle to integrate the production workmanship and management procedures, and produce smart products through smart manufacturing to form the smart factory. Combine the new IT technologies, such as connectivity, cloud computing and big data, with automation technology, to practice the vertical systematic integration of the production processes; connect the whole factory internally through the cooperation between equipment, and also workers and equipment, so as to form a cyber physical system delivering mutual cooperation and response, launching personalized production, adjusting the production rate, and utilization rate of resources, to help the Company engage in the production in the most energy-conservation manner and also improve the resilience of production and utilization rate of resources, thus increasing the commercial value of industrial production.

1. ERP

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

2. Smart suspension system

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

3. Smart launder operating model

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

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

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

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

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

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

The Company will expand its production capacity step by step in response to the increasing orders placed by customers. Considering that it is necessary to deal with the workers' pre-mature skills which might result in poor efficiency upon completion of the preliminary production lines, the Company takes the response measures requiring experienced workers to train new employees in turn, with the smart operating system to assist the new employees at the

same time, in order to improve the efficiency of each production cycle. Given the problems, such as the rise in and the increasing costs of raw materials and supplies, in the production areas in Indonesia, the Company strictly controls the overtime work and also accepts orders in accordance with the production line plan, speeds up the industrial upgrading of the factory in Jakarta, serves high-profit customer brands with diversified, high-skill level and high-popularity products, increases the production capacity in the production areas in Central Java at the same time and invests in the specialized automated production equipment. In the future, the Company will transfer the production capacity for adequate product items to the production areas in Central Java. In response to the high and increasing complicated changeability in the color washing orders, the factory in Indonesia allied with Green Fashion color washing factory strategically to improve the washing equipment and technology, strengthen the development of color washing operations and increase the added value of color washing. The color washing factory in Cambodia has taken the leading position among peers in terms of its technology and quality. It will work with the industry alliances to expand the scale to generate the clustering effect and utilize external resources sufficiently to make them transform into their own. Meanwhile, it will use the best effort to uphold its environmental protection philosophy and strengthen its core competitiveness, acquire the innovative production process patent for 100% sewage recycling and plan green energy and toxic-free production for environmental protection, in order to become an eco-friendly color washing factory successfully.

(IX) Risks of concentrated procurement or sales as well as the response measures:

For the time being, the Company adopts the dispersed allocation of trade debtors and avoids concentrated procurement. It also plans to procure materials from different suppliers dispersed locally and overseas.

(X) Impacts, risks and response measures following a major transfer or change of equity by directors, supervisors or shareholders with more than 10% ownership interest: No major transfer or change of equity by directors, supervisors, or shareholders with more than 10% ownership interest arose in 2021.

(XI) Impacts, risks and response measures associated with a change of management:

No change of management occurred, since no major transfer or change of equity by directors, supervisors or shareholders with more than 10% ownership interest arose.

(XII) In the case of major litigations, non-contentious cases or administrative litigations involving the Company or any director, supervisor, General Manager, person-in-charge or major shareholder with more than 10% ownership interest of the Company, whether concluded or pending judgment, that are likely to pose significant impact to shareholders' equity or security prices of the company, please disclose the nature of dispute, the amount involved, the date the litigation first started, the key parties involved and progress as of the publication date of this annual report: None.

(XIII) Other significant risks and response measures:

1. The Company's Finance Dept. monitors the forecast about the Company's demand for working capital, in order to ensure that it has sufficient capital to cover its operating needs and also maintains sufficient unused facility to keep the Company free from violations of the related facility or loan terms.
2. The Company's Finance Dept. is responsible for overall planning to invest its residual capital in demand deposits with interest, time deposits and securities. The instruments it selected shall be subject to appropriate expiry dates and deliver sufficient liquidity to satisfy said forecast and provide sufficient allocation level.

VII. Other important matters: None.

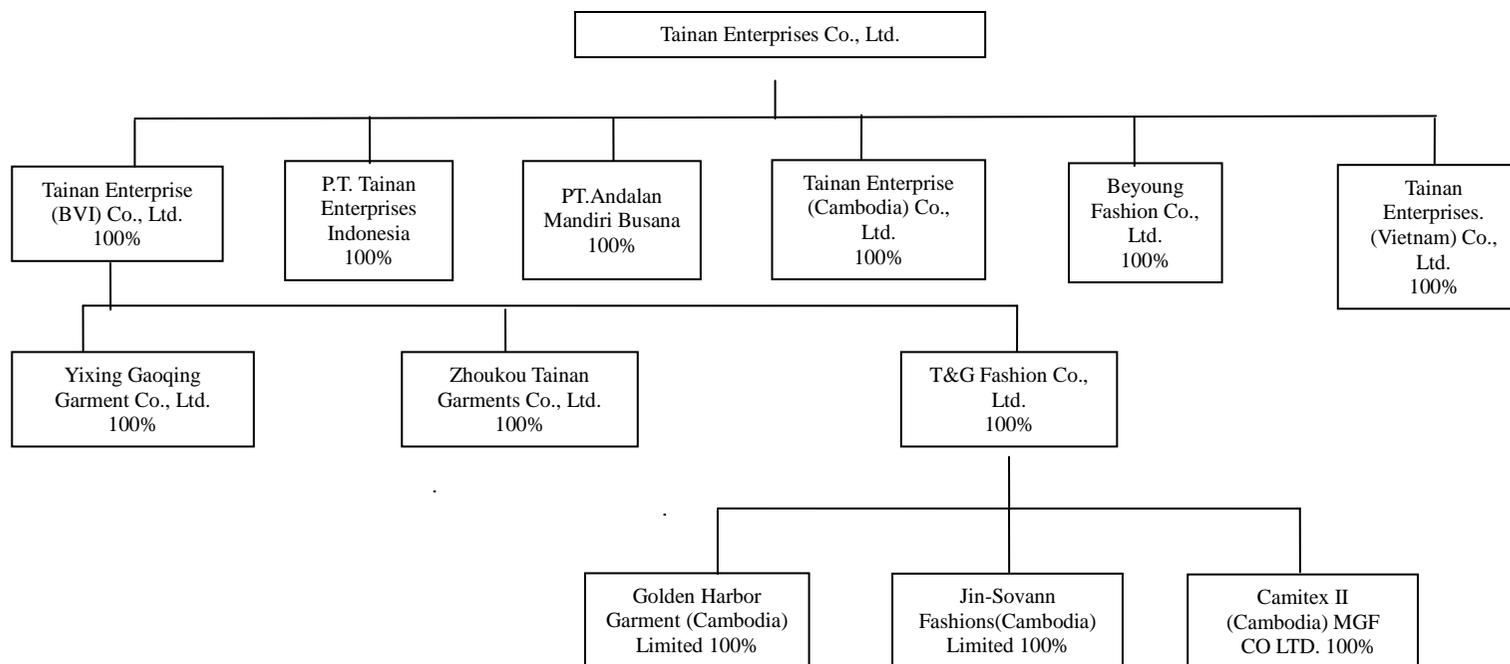
Eight. Special Notes

I. Information about affiliated companies:

(I) Consolidated business reports of affiliates

1. Overview of affiliates

(1) Organization Chart of Affiliates



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

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

(2) The Company and another company are presumed to have controlling and subordinate relation under Article 369-3 of the Company Act, and the Company has no the controlling/subordinate company referred to in Paragraph 1 of Article 369-2 of the Company Act; therefore, that company is not included into the consolidated financial statements of affiliates. The information about shareholders and directors of that company: None.

(3) A subordinate company in which the Company has a direct or indirect control over the management of the personnel, financial or business operation: None.

2. Affiliates' profile

Name of Corporation	Date of Incorporation	Place of Registration	Outstanding Capital	Major Business or Production Items /Major Business or Production Items
Tainan Enterprise (BVI) Co., Ltd.	January 9, 1995	Road Town, Tortola, British Virgin Islands.	USD17,000 thousand	Professional investment business.
P.T. Tainan Enterprises Indonesia	January 14, 1994	Jakarta Utara-14140, Indonesia	USD2,400 thousand	Processing, manufacturing and trading of various garments
Tainan Enterprises (Cambodia) CO., LTD.	November 2010	Angk Snuol District, Kandal Province, Cambodia.	USD1,000 thousand	Processing, manufacturing and trading of various garments
PT.Andalan Mandiri Busana	March 2013	JL SOLO KARANGANYAR KM 9.9, DESA JATEN. KECAMATAN JATEN, KABUPATEN KARANGANYAR	USD6,000 thousand	Processing, manufacturing and trading of various garments
Beyoung Fashion Co., Ltd.	April 2015	Zhongzhen Dist., Taipei City	NTD80,811 thousand	Processing, manufacturing and trading of various garments
Tainan Enterprises. (Vietnam) Co., Ltd.	January 2016	Jianxiang City, Long An Province, Vietnam	USD10,000 thousand	Processing, manufacturing and trading of various garments
Yixing Gaoqing Garment Co., Ltd.	June 17, 1993	Yixing City, Jiangsu Province	USD4,500 thousand	Processing, manufacturing and trading of various garments
Zhoukou Tainan Garments Co., Ltd.	December 24, 2010	Zhoukou City, Henan Province	USD5,000 thousand	Processing, manufacturing and trading of various garments
T&G Fashion Co., Ltd.	January 6, 2015	Global Gateway8 Rue de la Perle, Province, Mahe Seychelles	USD3,300 thousand	Professional investment business.
Golden Harbor Garment (Cambodia) Limited	January 14, 2015	Phnom Penh, Cambodia	USD100 thousand	Processing, manufacturing and trading of various garments
Jin-Sovann Fashions(Cambodia) Limited	June 14, 2015	Phnom Penh, Cambodia	USD1,000 thousand	Processing, manufacturing and trading of various garments
Camitex II (Cambodia) MGF CO LTD.	January 4, 2011	Phnom Penh, Cambodia	USD100 thousand	Processing, manufacturing and trading of various garments

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

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

3. Information about directors, supervisors and presidents of affiliates

Unit: Share; %

Name of Corporation	Title	Name of Representative	Shareholding	
			Shares	%
Tainan Enterprise (BVI) Co., Ltd.	Chairman of the Board	Tainan Enterprises Co., Ltd./Representative: Yang Ching-Hon	170,000	100.00
Tainan Enterprises (Cambodia) CO.,LTD.	Chairman of the Board	Tainan Enterprises Co., Ltd./Representative: Yang Fu-Ching	1,000	100.00
	General Manager	—	—	—
P.T. Tainan Enterprises Indonesia	Chairman of the Board	Tainan Enterprises Co., Ltd./Representative: Yang Ching-Hon	2,400,000	100.00
	General Manager	Yang Fu-Ching	—	—
PT.Andalan Mandiri Busana	Chairman of the Board	Tainan Enterprises Co., Ltd./Representative: Yang Ching-Hon	6,000	100.00
	General Manager	Yang Fu-Ching	—	—
Beyoung Fashion Co., Ltd.	Chairman of the Board	Tainan Enterprises Co., Ltd./Representative: Yang Shun-Hui	5,050,000	100.00
	General Manager	Su Chiung-Chung	—	—
Tainan Enterprises. (Vietnam) Co., Ltd.	Chairman of the Board	Tainan Enterprises Co., Ltd./Representative: Yang Ching-Hon	—	100.00
	General Manager	Yang Fu-Ching	—	—
Yixing Gaoqing Garment Co., Ltd.	Chairman of the Board	Tainan Enterprise (BVI) Co., Ltd.: Yang Ching-Hon	—	100.00
	General Manager	—	—	—
Zhoukou Tainan Garments Co., Ltd.	Chairman of the Board	Tainan Enterprise (BVI) Co., Ltd.: Yang Ching-Hon	—	100.00
	General Manager	—	—	—
T&G Fashion Co., Ltd.	Chairman of the Board	Tainan Enterprises Co., Ltd./Representative: Yang Shun-Hui	3,300,000	100.00
Golden Harbor Garment (Cambodia) Limited	Chairman of the Board	T&G Fashion Co., Ltd. /Representative: Wang Po-Ya	-	100.00
Jin-Sovann Fashions(Cambodia)Limited	Chairman of the Board	T&G Fashion Co., Ltd. /Representative: Huang Yu-Sung	-	100.00
Camitex II (Cambodia) MGF CO LTD.	Chairman of the Board	T&G Fashion Co., Ltd. /Representative: Wu Tao-Chang	100	100.00

(II) Overview of operations of affiliates

1. Financial position and business results of each affiliate

Unit: NT\$ Thousand

Name of Corporation	Outstanding Capital	Total Assets	Total Liabilities	Net Worth	Net Operating Revenues	Operating Income (loss)	Net Income (loss) after tax	Earnings Per Share after tax (NTD)
Tainan Enterprise (BVI) Co., Ltd.	\$517,058	\$1,216,083	\$163	\$1,215,920	\$0	(\$4,742)	(\$42,633)	(250.78)
P.T. Tainan Enterprises Indonesia	64,446	597,884	309,665	288,219	1,248,205	(17,300)	(20,777)	(8.66)
Tainan Enterprise (Cambodia) Co., Ltd.	29,585	241,824	217,724	24,100	779,403	(91,654)	(96,906)	(96,906.44)
PT.Andalan Mandiri Busana	182,024	288,357	172,217	116,140	381,148	4,013	1,105	184.15
Beyoung Fashion Co., Ltd.	50,500	124,551	104,221	20,330	321,226	(24)	850	0.17
Tainan Enterprises. (Vietnam) Co., Ltd.	319,090	394,883	277,523	117,360	260,026	(10,667)	(15,442)	(Note 2)
Yixing Gaoqing Garment Co., Ltd.	124,560	216,342	60,173	156,169	342,049	(50,815)	(51,656)	(Note 2)
Zhoukou Tainan Garments Co., Ltd.	138,400	3,840	0	3,840	0	0	0	(Note 2)
T&G FASHION CO.,LTD	91,344	9,997	0	9,997	0	(24)	(19,023)	(5.76)
Golden Harbor Garment (Cambodia) Limited	2,768	333	451	(118)	0	(0)	0	(Note 2)
Jin-Sovann Fashions(Cambodia) Limited	27,680	101,705	123,347	(21,642)	339,715	(14,656)	(18,581)	(Note 2)
Camitex II (Cambodia) MGF CO LTD.	2,768	100	838	(738)	0	0	0	0.23

Note 1: Said figures are sought after NTD was converted at the foreign exchange rate.

Note 2: N/A, as a no joint-stock system is adopted.

(III) Consolidated financial statements of affiliates: please refer to Pages 148~236 for details.

II. Private placement of securities during the most recent year and up to the date of publication of the annual report: none.

III. Holding or disposition of the Company's by the Company's subsidiaries during the most recent year and up to the date of publication of the annual report: none.

IV. Other supplementary disclosures: none.

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

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

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

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

Date of Meeting	Motion	Resolution and execution
August 27, 2021	<p>Important resolutions made by the annual general meeting 2021:</p> <p>I. Report</p> <ol style="list-style-type: none"> 1. Business report 2020 2. Audit Committee's Audit Report <p>II. Acknowledgment</p> <ol style="list-style-type: none"> 1. Acknowledgment of the Company's business report and financial statements 2020 2. Acknowledgment of the Company's proposal for allocation of earnings 2020 <p>III. Discussion: The Company's allocation of cash from capital surplus (proposed by the Board of Directors)</p>	<p>Approved unanimously.</p> <p>Approved unanimously.</p> <p>Approved unanimously.</p> <p>Approved unanimously.</p> <p>(1) The Company's undistributed earnings totaled NTD650,336,618 at the beginning of 2020. Less the net loss and provision of special reserve, the accumulated distributable earnings were NT\$189,646,046 at the end of the year.</p> <p>(2) No remuneration to employees and directors is allocated, pursuant to the Company's Articles of Incorporation.</p> <p>Approved unanimously.</p> <p>(1) The Company plans to allocate the cash dividend at NT\$0.2 per share from the additional paid-in capital in excess of par - common stock, totaling NTD29,230,707, subject to the number of shares held by shareholders recorded in the roster of shareholders on the record date of the allocation.</p> <p>(2) In the event that the number of outstanding shares is changed due to the factors, such as repurchase of the Company's shares, transfer of treasury stocks to employees, or other circumstances, it is proposed to authorize the Chairman of Board adjusts the distribution ratio based on the total shares resolved to be distributed by a shareholders' meeting, subject to the number of actual outstanding shares on the</p>

		record date of the allocation. The cash dividends distributed to each shareholder were calculated and truncated to the nearest NTD at the distribution ratio. The fractional amount less than NTD1 was summed up and recognized by the Company as other revenue of the Company.
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2. Important resolutions made by the Board Meeting

Date of Meeting	Motion	Resolution and execution
March 23, 2021	<ol style="list-style-type: none"> 1. The proposal for the Company's business report, parent company only financial statements and consolidated financial statements 2020 is submitted for resolution. 2. The proposal for the Company's distribution of earnings 2020 is submitted for discussion. 3. The proposal for the Company's distribution of cash dividends from capital surplus is submitted for discussion. 	<p>Approved unanimously. The Company has prepared the business report, parent company only financial statements and consolidated financial statements 2020. Said financial statements together with an Audit Report with unqualified opinion issued by Tien Chung-Yu, CPA and Lin Tzu-Shu, CPA of PwC Taiwan, respectively.</p> <p>Approved unanimously. (1) The Company's undistributed earnings totaled NTD650,336,618 at the beginning of 2020. Less the net loss and provision of special reserve, the accumulated distributable earnings were NT\$189,646,046 at the end of the year. The cash dividends are scheduled to be allocated from the additional paid-in capital in excess of par - common stock (2) No remuneration to employees and directors is allocated, pursuant to the Company's Articles of Incorporation.</p> <p>Approved unanimously. (1) The Company plans to allocate the cash dividend at NT\$0.2 per share from the additional paid-in capital in excess of par - common stock, totaling NTD\$29,230,707, subject to the number of shares held by shareholders recorded in the roster of shareholders on the record date of the allocation. (2) In the event that the number of outstanding shares is changed due to the factors, such as repurchase of the</p>

Date of Meeting	Motion	Resolution and execution
	<p>4. Report on the Company's Declaration for Statement of Internal Control 2020.</p> <p>5. The Company's business plan 2021.</p> <p>6. Discussion on the Company's</p>	<p>Company's shares, transfer of treasury stocks to employees, or other circumstances, it is proposed to authorize the Chairman of Board adjusts the distribution ratio based on the total shares resolved to be distributed by a shareholders' meeting, subject to the number of actual outstanding shares on the record date of the allocation. The cash dividends distributed to each shareholder were calculated and truncated to the nearest NTD at the distribution ratio. The fractional amount less than NTD\$1 was summed up and recognized by the Company as other revenue of the Company.</p> <p>Approved unanimously.</p> <p>(1) The Company performed the internal control self-assessment 2020 in accordance with its regulations governing internal control self-assessment. The Company adopted various internal control system criteria to assess the effectiveness of its internal control system design and execution.</p> <p>(2) Upon discussion on various units' self-assessment results and the internal audit unit's audit report, the Company hereby prepares the Declaration for Statement of Internal Control 2020.</p> <p>(3) The Declaration for Statement of Internal Control has been disclosed on the website designated by the FSC within 3 months at the end of the fiscal year as required, and published in the annual report, upon passing the latest Board of Directors meeting.</p> <p>Approved unanimously.</p> <p>The Company's business plan 2021 has been discussed based on the various departments' business goals.</p> <p>Approved unanimously.</p>

Date of Meeting	Motion	Resolution and execution
	<p>donation to Tainan Enterprises Culture and Art Foundation.</p> <p>7. Proposal for increase in the limit of fund loaned to others.</p> <p>8. Discussion on overdue accounts receivable in Q4 of 2020.</p>	<p>(1) According to Article 7 of the Company's "Parliamentary Rules for the Board Meeting", any proposal for donation to a related party shall be submitted to the Company's Board of Directors for discussion.</p> <p>(2) The Company planned to sponsor NT\$3.5 million as the expenditure of activities organized by Taiwan Enterprises Culture and Art Foundation in 2021.</p> <p>Approved unanimously. In response to the subsidiaries' need for working capital, the Company increased the limit of fund loaned to its subsidiary, Tainan Enterprises (Vietnam) Co., Ltd. by USD\$5 million in accordance with the Company's "Operating Procedure for Loaning of Funds to Others."</p> <p>Approved unanimously. (1) According to Article 37 of the "FAQ about the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" amended and promulgated on July 24, 2020, as of Q3 2020, where the Company's "accounts receivable," "other receivables," "prepayments" and "refundable deposits", which are in significant amount or special in nature, are not recovered upon expiration of the three months, the normal time limit for credit extension, and where the payments are not subject to contractual relations, payments are not commensurate to the contractual obligation, or the causes for the payments already extinguish, the Board of Directors shall be proposed to resolve whether such payment should be stated as loaning of fund in nature. Unless the Company proves that it indeed has no intent to loan the fund (e.g., initiation of a legal action or proposition of feasible control measures), it shall be</p>

Date of Meeting	Motion	Resolution and execution
	<p>9. Proposal for date, venue and causes of convention of the annual general meeting 2021.</p> <p>10. The proposal for acceptance of shareholders' proposals at the annual general meeting 2021 is submitted for discussion.</p>	<p>stated as loaning of fund in nature. Where said payments are identified as the loaning of fund in nature, it is necessary to disclose the same to the public and set forth the corrective action plan to deal with the loan balance exceeding the limit in accordance with the Regulations as of the date of the resolution made by the Board of Directors.</p> <p>(2) Until Q4 of 2020, the Company's accounts receivable overdue upon expiration of the three months have amounted to NTD\$153,831 thousand, primarily because the customers' financial condition became poor due to the impact posed by COVID-19. Notwithstanding, by March 23, 2021, the Company has obtained the debt negotiation documents from certain customers. There are also other debt negotiations pending. Therefore, the Company does not have the intent to loan the fund. Given this, the amount unrecovered upon expiration of the three-month time limit for credit extension shall not be stated as loaning of fund in nature.</p> <p>(3) Definition of significant amount: 100% of the Company's paid-in capital.</p> <p>Approved unanimously. Date: 9:30AM, June 29, 2021 Venue: No. 320, Sec. 3, Zhongshan Rd., Guiren Dist., Tainan City</p> <p>Approved unanimously.</p>
May 11, 2021	1. Discussion on overdue accounts receivable for Q1 of 2021.	<p>Approved unanimously.</p> <p>(1) According to Article 37 of the "FAQ about the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" amended and promulgated on July 24, 2020, as of</p>

Date of Meeting	Motion	Resolution and execution
		<p>Q3 2020, where the Company’s “accounts receivable,” “other receivables,” “prepayments” and “refundable deposits”, which are in significant amount or special in nature, are not recovered upon expiration of the three months, the normal time limit for credit extension, and where the payments are not subject to contractual relations, payments are not commensurate to the contractual obligation, or the causes for the payments already extinguish, the Board of Directors shall be proposed to resolve whether such payment should be stated as loaning of fund in nature. Unless the Company proves that it indeed has no intent to loan the fund (e.g., initiation of a legal action or proposition of feasible control measures), it shall be stated as loaning of fund in nature. Where said payments are identified as the loaning of fund in nature, it is necessary to disclose the same to the public and set forth the corrective action plan to deal with the loan balance exceeding the limit in accordance with the Regulations as of the date of the resolution made by the Board of Directors.</p> <p>(2) Until Q1 of 2021, the Company’s accounts receivable overdue upon expiration of the three months have amounted to NTD\$19,127 thousand, primarily because the customers’ financial condition became poor due to the impact posed by COVID-19. Notwithstanding, by May 11, 2021, the debt negotiation was still pending. Therefore, the Company doesn’t have the intent to loan the fund. Given this, the amount unrecovered upon expiration of the three-month time limit for credit extension shall not be stated as loaning of fund in nature.</p> <p>(3) Definition of significant amount: 100% of the Company’s paid-in capital.</p>

Date of Meeting	Motion	Resolution and execution
	<p>2. Proposal for windup of ERA NOUVEAU INTERNATIONAL CO., LTD.</p>	<p>Approved unanimously. The Company and DE LICACY INDUSTRIAL CO., LTD. hold 50% of the equity of the joint venture invested in a third territory, Samoa, “ERA NOUVEAU INTERNATIONAL CO., LTD.,” respectively. In consideration of the poor business of the subsidiary invested and established in Cambodia, “Jie Zhong Enterprises Co., Ltd.,” the Company is going to shut it down. Until March 31, 2021, ERA NOUVEAU INTERNATIONAL CO., LTD. has suffered the loss amounting to USD\$6,785,154. Per the resolution made by the Board of Directors meeting on April 29, 2021, it would be wound up.</p>
<p>August 10, 2021</p>	<p>1. Determination of the date, venue and mode of the postponed annual general meeting 2021.</p> <p>2. Discussion on the external auditor’s professional fees 2021.</p> <p>3. Discussion on overdue accounts receivable for Q2 of 2021.</p>	<p>Approved unanimously. In response to the COVID-19 epidemic, and per the FSC’s decree requiring that public companies should cease to convene any shareholders’ meetings from May 24, 2021 to June 30, 2021. Date: August 27, 2021 (Friday) 9:30AM Venue: No. 320, Sec. 3, Zhongshan Rd., Guiren Dist., Tainan City (the conference room at the Head Office) Mode: To be convened physically.</p> <p>Approved unanimously. The professional fees charged by PwC Taiwan, the external auditor retained by the Company, for the audit on the Company’s financial statements and profit-seeking enterprise income tax return 2021 were NTD\$7,345,000.</p> <p>Approved unanimously. (1) According to Article 37 of the “FAQ about the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” amended and promulgated on July 24, 2020, as of Q3 2020, where the Company’s “accounts receivable,” “other receivables,” “prepayments” and “refundable deposits”, which are in</p>

Date of Meeting	Motion	Resolution and execution
		<p>significant amount or special in nature, are not recovered upon expiration of the three months, the normal time limit for credit extension, and where the payments are not subject to contractual relations, payments are not commensurate to the contractual obligation, or the causes for the payments already extinguish, the Board of Directors shall be proposed to resolve whether such payment should be stated as loaning of fund in nature. Unless the Company proves that it indeed has no intent to loan the fund (e.g., initiation of a legal action or proposition of feasible control measures), it shall be stated as loaning of fund in nature. Where said payments are identified as the loaning of fund in nature, it is necessary to disclose the same to the public and set forth the corrective action plan to deal with the loan balance exceeding the limit in accordance with the Regulations as of the date of the resolution made by the Board of Directors.</p> <p>(2) Until Q2 of 2021, the Company’s accounts receivable overdue upon expiration of the three months have amounted to NTD\$18,267 thousand. At the end of July, the Company has recovered NT\$1,803 thousand from certain customers including Northern. For the rest of the “accounts receivable,” in consideration of the customers’ poor financial conditions caused by the impact posed by the COVID-19, the debt negotiation procedure was still pending by August 10, 2021. The Company doesn’t have the intent to loan the fund. Given this, the amount unrecovered upon expiration of the three-month time limit for credit extension shall not be stated as loaning of fund in nature. For the titles of accounts receivable, please refer to Attachment 6.</p>

Date of Meeting	Motion	Resolution and execution
	<p>4. Discussion on the Company's personnel appointment proposal.</p>	<p>(3) Definition of significant amount: 100% of the Company's paid-in capital.</p> <p>Approved unanimously.</p> <p>(1) Proposed to appoint Mr. Chen Shao-Min to serve as the assistant vice president of the subsidiary, Tainan Enterprises (Cambodia) as of August 17, 2021.</p> <p>(2) The Company's accounting officer, Manager Cho Li-Chen, scheduled to apply for retirement on September 30, 2021. The existing Financial Division manager, Tsai Chen-Chih, succeeded to the position as the accounting officer, effective from October 1, 2021.</p>
<p>November 9, 2021</p>	<p>1. The proposal for assessment on independence of the CPA 2021 is submitted for discussion.</p> <p>2. The proposal for internal audit plan 2022.</p> <p>3. The proposal for increase in the limit of fund loaned to others.</p>	<p>Approved unanimously.</p> <p>(1) According to Article 29 of the Corporate Governance Best-Practice Principles for TWSE/TPEX-listed Companies, a TWSE/TPEX-listed company shall periodically (at least once per year) assess the independence of the CPA retained by it.</p> <p>(2) The Company's financial statements and profit-seeking enterprise income tax return were audited by PwC Taiwan retained by the Company.</p> <p>(3) The external auditors retained by the Company, namely Tien Chung-Yu, CPA and Lin Tzu-Shu, CPA, have undergone the Company's assessment on independence and competence of the CPA as identified in the "External Auditor's Review Form."</p> <p>Approved unanimously.</p> <p>According to the Regulations Governing Establishment of Internal Control Systems by Public Companies, the Company sets forth its internal audit plan 2022.</p> <p>Approved unanimously.</p> <p>In response to the subsidiaries' need for working capital, the Company increased</p>

Date of Meeting	Motion	Resolution and execution
	<p>4. Discussion on overdue accounts receivable for Q3 of 2021.</p>	<p>the limit of fund loaned to its subsidiary, An Da Co., Ltd, by USD\$5.5 million in accordance with the Company’s “Operating Procedure for Loaning of Funds to Others.”</p> <p>Approved unanimously.</p> <p>(1) According to Article 37 of the “FAQ about the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” amended and promulgated on July 24, 2020, as of Q3 2020, where the Company’s “accounts receivable,” “other receivables,” “prepayments” and “refundable deposits”, which are in significant amount or special in nature, are not recovered upon expiration of the three months, the normal time limit for credit extension, and where the payments are not subject to contractual relations, payments are not commensurate to the contractual obligation, or the causes for the payments already extinguish, the Board of Directors shall be proposed to resolve whether such payment should be stated as loaning of fund in nature. Unless the Company proves that it indeed has no intent to loan the fund (e.g., initiation of a legal action or proposition of feasible control measures), it shall be stated as loaning of fund in nature. Where said payments are identified as the loaning of fund in nature, it is necessary to disclose the same to the public and set forth the corrective action plan to deal with the loan balance exceeding the limit in accordance with the Regulations as of the date of the resolution made by the Board of Directors.</p> <p>(2) Until Q3 of 2021, the Company’s accounts receivable overdue upon expiration of the three months have amounted to NTD\$17,342 thousand. In consideration of the customers’</p>

Date of Meeting	Motion	Resolution and execution
	<p>5. Proposal for the Company's personnel appointment.</p>	<p>poor financial conditions caused by the impact posed by the COVID-19, the debt negotiation procedure was still pending by November 9, 2021. The Company doesn't have the intent to loan the fund. Given this, the amount unrecovered upon expiration of the three-month time limit for credit extension shall not be stated as loaning of fund in nature. For the titles of accounts receivable, please refer to Attachment 7.</p> <p>(3) Definition of significant amount: 100% of the Company's paid-in capital.</p> <p>(4) The proposal has been reviewed and passed by the Audit Committee, and was submitted to the Board of Directors for resolution.</p> <p>Approved unanimously. Proposed to retain Mr. Chiang Hsiao-Tsung to serve as the vice assistant president of the General Manager Office of Yixing Gaoqing Garment Co., Ltd. as of October 20, 2021</p>
2022.03.22	<p>1. The Company's 2021 business report, parent company only financial statements and consolidated financial statements are hereby submitted for your review.</p> <p>2. The Company's 2021 earnings distribution proposal is hereby submitted for your discussion.</p>	<p>Passed as proposed.</p> <p>(1) The Company has prepared the 2021 business report, parent company only financial statements and consolidated financial statements. The aforementioned financial statements together with the Auditor's Report with unqualified opinion issued by Tien Chung-Yu, CPA and Lin Tzu-Shu, CPA of PwC Taiwan, respectively.</p> <p>(2) This case has been reviewed and approved by the Audit Committee and will be submitted to the shareholders' meeting for adoption after the approval by the Board Meeting.</p> <p>Passed as proposed.</p> <p>(1) The Company's undistributed earnings at the beginning of the period amounted to NT\$189,646,046</p>

Date of Meeting	Motion	Resolution and execution
	<p>3. The Company's proposal for distribution of cash dividends from capital surplus is hereby submitted for your discussion.</p>	<p>as of the beginning of 2021. After deducting the net loss for the year and providing for special reserve, the accumulated distributable earnings at the end of the period were NT\$0.</p> <p>(2) This case has been reviewed and approved by the Audit Committee and will be submitted to the shareholders' meeting for adoption after the approval by the Board Meeting.</p> <p>Resolution: The Chairperson consulted all directors present and changed the proposal to distribute cash of NT\$0.1 per share from capital reserve.</p> <p>(1) The Company plans to allocate the cash dividend at NT\$0.2 per share from the additional paid-in capital in excess of par - common stock, totaling NTD29,230,707, subject to the number of shares held by shareholders recorded in the roster of shareholders on the record date of the allocation.</p> <p>(2) In the event that the number of outstanding shares is changed due to the factors, such as re-purchase of the Company's shares, transfer of treasury stocks to employees or other circumstances, it is proposed to authorize the Chairman of Board adjusts the distribution ratio based on the total shares resolved to be distributed by a shareholders' meeting, subject to the number of actual outstanding shares on the record date of the allocation. The cash dividends distributed to each shareholder were calculated and truncated to the nearest NTD at the distribution ratio. The fractional amount less than NTD1 was summed up and recognized by the Company as other revenue of the Company.</p> <p>(3) The aforementioned cash distribution is proposed to be approved by the shareholders' at the 2022 regular shareholders' meeting of the</p>

Date of Meeting	Motion	Resolution and execution
	<p>4. The 2021 profit sharing remuneration to employees and directors is hereby submitted for your discussion.</p> <p>5. The appointment of personnel of the subsidiary P.T. Tainan Enterprises Indonesia.</p>	<p>Company and to have the Chairman authorized to determine the base day and payment date of cash distribution and related matters.</p> <p>(4) This case has been reviewed and approved by the Audit Committee and will be submitted to the shareholders' meeting for discussion after the approval of the Board Meeting.</p> <p>Passed as proposed.</p> <p>(1) Pursuant to Article 31 of the Company's Articles of Incorporation, the Company shall distribute the profit sharing remuneration to employees at a rate of not less than 1% of the Company's profit for the year and the profit sharing remuneration to directors at a rate of not more than 5% of the Company's profit for the year.</p> <p>(2) The Company's profit before tax for 2021, before the distribution of employees' and directors' profit sharing remuneration, was NT\$(138,281) thousand, and in accordance with the Company's Articles of Incorporation, no employees' and directors' profit sharing remuneration will be distributed for the year.</p> <p>(3) The case has been approved by the Salary Compensation Committee on March 22, 2022, submitted to the Board Meeting for resolution in accordance with the law and presented to the shareholders at the regular shareholders' meeting.</p> <p>Resolution: passed, and the management team is requested to set the amount and specifications of the transaction with Lin Zi-Jing's company and report the transaction at each Board meeting. The appointment of Ms. Lin Zi-Jing, Senior Manager of P.T. Tainan Enterprises Indonesia's General Manager's Office. was not resolved when</p>

Date of Meeting	Motion	Resolution and execution
	<p>6. Amendment to the Company's Articles of Incorporation.</p> <p>7. Amendment to the "Procedures for the Acquisition or Disposal of Assets."</p> <p>8. Amendment to the "Rules of Procedures for Shareholders' Meetings."</p>	<p>it was first proposed to the Board Meeting of the Company on November 09, 2021 and is proposed for discussion at this meeting.</p> <p>Passed as proposed. In order to make the manner of convening shareholders' meetings more flexible, in accordance with Article 172-2-1 of the Company Act and Article 44-9-3 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company's Articles of Incorporation expressly provide that shareholders' meetings may be held by video conference or other means announced by the Ministry of Economic Affairs and it is proposed to amend certain provisions of the Company's Articles of Incorporation, which will be submitted to the shareholders' meeting for discussion after the approval of this Board meeting.</p> <p>Passed as proposed. In line with the amendment to some provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," it is proposed to amend the "Procedures for the Acquisition and Disposal of Assets" of the Company, which has been approved by all members of the Audit Committee and submitted to the Board Meeting for resolution. This case will be submitted to the shareholders' meeting for discussion after the approval by the Board meeting.</p> <p>Passed as proposed. In line with the relevant regulations of the competent securities authorities, the relevant provisions for shareholders' meeting by video conference are amended and added As public companies can hold shareholders' meetings by video conference, in order to provide a convenient channel for shareholders to participate in shareholders' meetings, the Company intends to amend the "Rules of</p>

Date of Meeting	Motion	Resolution and execution
	<p>9. Amendment to the "Procedures for Election of Directors."</p> <p>10. Amendment to the "Corporate Social Responsibility Best Practice Principles."</p> <p>11. Report on the Company's 2021 Declaration for Statement of Internal Control.</p>	<p>Procedure for Shareholders' Meetings," which will be submitted to the shareholders' meeting for discussion after the approval of this Board meeting.</p> <p>Passed as proposed. In line with the provisions of the Company Act and the nomination system for the election of directors and the change of name, it is proposed to change the name of the Company's "Measures for Election of Directors" to "Procedures for Election of Directors," which will be submitted to the regular shareholders' meeting after the approval of this Board meeting.</p> <p>Passed as proposed. In line with the change of the name of the "Code of Corporate Social Responsibility Best Practices Principles for TWSE/TPEX Listed Companies," it is proposed to change the name of the Company's "Corporate Social Responsibility Best Practice Principles" to "Sustainable Development Best Practice Principles."</p> <p>Passed as proposed. (1) The Company performed the internal control self-assessment 2021 in accordance with its regulations governing internal control self-assessment. The Company adopted various internal control system criteria to assess the effectiveness of its internal control system design and execution. (2) Upon discussion on various units' self-assessment results and the internal audit unit's audit report, the Company hereby prepares the Declaration for Statement of Internal Control for 2021 as an attachment to the Board Meeting for discussion. (3) The Declaration for Statement of Internal Control has been disclosed on the website designated by the FSC within 3 months at the end of the</p>

Date of Meeting	Motion	Resolution and execution
	<p>12. The Company's 2022 business plan.</p> <p>13. Discussion on the Company's donation to Tainan Enterprises Culture and Art Foundation.</p> <p>14. The distribution of the mid-year employee performance award for 2021</p> <p>15. The proposal for increase in the limit of fund lent to others.</p>	<p>fiscal year as required, and published in the annual report, upon passing the latest Board Meeting.</p> <p>Passed as proposed. The Company's business plan 2022 has been discussed based on the various departments' business goals as well as the estimated income statement for the year.</p> <p>Passed as proposed. (1) According to Article 7 of the Company's "Rules of Procedures for the Board of Director's Meetings," any proposals for donation to a related party shall be submitted to the Company's Board Meeting for discussion. (2) The Company planned to sponsor NT\$3.5 million as the expenditure of activities organized by Taiwan Enterprises Culture and Art Foundation in 2022.</p> <p>Passed as proposed. (1) For the Company's mid-year performance award for 2021, the total amount available for distribution according to the distribution principle is NT\$3,062,910 and the actual amount paid out is NT\$1,020,970. The remainder is reserved for payment at the end of the year. (2) The aforementioned distribution amount has been submitted to and approved by the Salary Compensation Committee of the Company on December 21, 2021 and is submitted to the Board Meeting for resolution in accordance with the law.</p> <p>Passed as proposed. In response to the subsidiaries' need for working capital, the Company increased the limit of fund loaned to its subsidiary, Tainan Enterprises (Vietnam) Co., Ltd. by USD3 million in accordance with the Company's "Operating Procedure for</p>

Date of Meeting	Motion	Resolution and execution
	<p>16. Discussion on overdue accounts receivable as of Q4 of 2021.</p>	<p>Loaning of Funds to Others.”</p> <p>Passed as proposed.</p> <p>(1) According to Article 37 of the “FAQ about the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” amended and promulgated on July 24, 2020, as of Q3 2020, where the Company’s “accounts receivable,” “other receivables,” “pre-payments” and “refundable deposits,” which are in a significant amount or special in nature, are not recovered upon expiration of the three months, the normal time limit for credit extension and where the payments are not subject to contractual relations, payments are not commensurate to the contractual obligation, or the causes for the payments already extinguish, the Board Meeting shall be proposed to resolve whether such payment should be stated as loaning of fund in nature. Unless the Company proves that it indeed has no intent to loan the fund (<i>e.g.</i>, initiation of a legal action or proposition of feasible control measures), it shall be stated as loaning of funds in nature. Where said payments are identified as the loaning of fund in nature, it is necessary to disclose the same to the public and set forth the corrective action plan to deal with the loan balance exceeding the limit in accordance with the Regulations as of the date of the resolution made by the Board Meeting.</p> <p>(2) Until Q4 of 2021, the Company’s accounts receivable overdue upon expiration of the three months have amounted to NT\$17,617 thousand. In consideration of the customers’ poor financial conditions caused by the impact posed by the COVID-19, the debt negotiation procedure was still pending by March 22, 2022. The</p>

Date of Meeting	Motion	Resolution and execution
	<p>17. Appointment of the Company's Corporate Governance Officer.</p>	<p>Company doesn't have the intent to loan the fund. Given this, the amount unrecovered upon expiration of the three-month time limit for credit extension shall not be stated as loaning of fund in nature. For the GL accounts of various receivables, please refer to Attachment 17.</p> <p>(3) Definition of significant amount: 100% of the Company's paid-in capital.</p> <p>(4) The proposal has been reviewed and passed by the Audit Committee, and was submitted to the Board Meeting for resolution.</p> <p>Resolution: all directors present unanimously approved the appointment of Mr. Wu Chien-Der, Chief Finance Officer, as the Corporate Governance Officer.</p> <p>(1) In line with the Financial Supervisory Commission's "Corporate Governance 3.0 - A Blueprint for Sustainable Development" plan, TWSE listed companies should appoint a corporate governance officer by June 30, 2023 and the five main themes of promotion:</p> <ul style="list-style-type: none"> A. Strengthen the functions of the Board Meeting to enhance corporate sustainable value. B. Improve information transparency to promote sustainable operation. C. Strengthen communication with stakeholders and create good channels of interaction. D. Align with international standards to guide due diligence in governance. E. Deepen the culture of sustainable corporate governance and provide diversified products. <p>(2) Please refer to Attachment 18 for details on the establishment of corporate governance officers in the industry.</p> <p>(3) The expected date of assuming office</p>

Date of Meeting	Motion	Resolution and execution
	<p>18. Proposal for date, venue, manner and causes of convening of the 2022 regular shareholders' meeting.</p>	<p>is April 1, 2022 (4) The directors are requested to nominate and discuss the candidates.</p> <p>Passed as proposed. Proposal for date, venue, manner and causes of convening of the 2022 regular shareholders' meeting: (1) Date: 9:30AM, June 20, 2022 (2) Venue: No. 320, Sec. 3, Zhongshan Rd., Guiren Dist., Tainan City (the conference room at the Head Office) (3) Manner: The regular shareholder's meeting will be convened in a physical manner. (4) Causes: A. Report (a) 2021 Business Report. (b) Audit Committee's Review Report. (c) Report on the 2021 profit sharing remuneration to employees and directors and the distribution status. B. Adoption (a) Adoption of the Company's 2021 business report and financial statements. (b) Adoption of the Company's earnings distribution proposal for 2021. C. C. Discussion (a) The Company's proposal for distribution of cash dividends from capital surplus (b) Amendment to the Company's Articles of Incorporation. (c) Amendment to the "Procedures for the Acquisition or Disposal of Assets." (d) Amendment to the "Rules of Procedures for Shareholders' Meetings." (e) Amendment to the "Procedures for Election of Directors."</p>

Date of Meeting	Motion	Resolution and execution
	<p>19. The shareholders' proposals for the 2022 regular shareholders' meeting are hereby submitted for your discussion.</p>	<p>(5) Period of suspension of stock transfer: From April 22, 2022 to June 20, 2022.</p> <p>Passed as proposed.</p> <p>The following are matters related to the handling of shareholders' written proposals, review criteria and operating process:</p> <p>(1) In accordance with Article 172-1 of the Company Act, shareholders holding at least one percent of the Company's outstanding shares may submit a written proposal to the Company for a regular shareholders' meeting. However, it is limited to one proposal within 300 words. The Company will accept proposals from shareholders for the regular shareholders' meeting from April 15, 2022 to April 25, 2022, from 9:00 a.m. to 5:00 p.m. daily [by post within the acceptance period, and please mark the envelope with the words "Proposal for Shareholders' Meeting" on the cover and send it by registered mail with the contact person and contact information]. If there is any proposal from shareholders during the above period, it will be submitted to the Board Meeting for discussion. The Company will notify the proposing shareholders of the results of the handling of the proposal before the date of the notice of the shareholders' meeting and will include the proposal that meets the requirements of Article 172-1 of the Company Act in the notice of the meeting.</p> <p>(2) The Company's review criteria for accepting shareholders' proposals: The Board Meeting shall classify a shareholder's proposal as a motion, except for one of the following circumstances:</p> <p>A. The motion is not supposed to be resolved at the shareholders' meeting.</p>

Date of Meeting	Motion	Resolution and execution
		<p>B. If the proposing shareholder holds less than one percent of the shares at the time of the suspension of the stock transfer.</p> <p>C. The proposal is made outside the acceptance period as announced.</p> <p>D. The motion exceeds 300 words or there is more than one proposal.</p> <p>The Board Meeting may still include the aforementioned shareholder's proposal in the motion if its purpose is to urge the Company to promote the public interest or fulfill its social responsibility.</p> <p>(3) Place of receiving shareholders' proposals: the Company's Finance Department (Address: 18th Floor, No. 15-1, Section 1, Hangzhou South Road, Taipei City Tel: 02-2391-6421)</p>

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of Tainan Enterprises Co., Ltd. and its subsidiaries (the "Group") as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and reports of other auditors (refer to *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (R.O.C GAAS). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2021 consolidated financial statements are stated as follows:

Cut-off of operating revenue from export sales

Description

Refer to Note 4(30) for accounting policies on operating revenue and Notes 6(22) and 14(6) for details of revenue. Exports sales comprise a significant portion of the Group's revenues, which are recognized base on the terms and the conditions of the transaction agreed with the customer. As the revenue recognition process involves manual process and judgements, there exists a risk of material misstatement that may arise from improper timing in revenue recognition for transactions that occur near the balance sheet date. Thus, we consider the cut-off of operating revenue from export sales a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding and assessed the accounting policies on revenue recognition.
2. Confirmed the completeness of the sales revenue transaction details of the export sales for a certain period before or after the balance sheet date and performed cut-off tests on a sampling basis to inspect the supporting documents (including confirming transaction conditions, checking orders, shipping documents, export declarations and bills of lading, etc.) to ascertain whether sales revenue was recognized in the proper period.

Other matter – Reports of other auditors

We did not audit the financial statements of certain investments accounted for under equity method that are included in the consolidated financial statements. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and the information disclosed relative to these investments, is based solely on the audit reports of other auditors. The balance of these investments accounted for under equity method amounted to \$61,840 thousands and \$48,832 thousands, both representing 1% of the related totals as of December 31, 2021 and 2020, and share of profit or loss amounted to \$13,811 thousands and \$5,812 thousands, constituting (7%) and (1%) of the comprehensive income for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with an *Other matter* section on the parent company only financial statements of Tainan Enterprises Co., Ltd. as at and for the years ended December 31, 2021 and 2020.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of 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 generally accepted auditing standards 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 generally accepted auditing standards 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Accountants

Tien, Chung-Yu



Lin, Tzu-Shu



PricewaterhouseCoopers, Taiwan

Republic of China

March 22, 2022


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

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 681,095	13	\$ 868,736	17
1136	Financial assets at amortized cost - current	6(3) and 11	39,730	1	38,026	1
1150	Notes receivable, net	6(4)	380	-	687	-
1170	Accounts receivable, net	6(4)	1,145,171	22	1,028,273	20
1200	Other receivables		71,751	1	91,195	2
1220	Current income tax assets	6(29)	215	-	457	-
130X	Inventories	6(5)	1,216,865	23	779,516	16
1410	Prepayments		127,627	3	119,867	2
11XX	Total current assets		<u>3,282,834</u>	<u>63</u>	<u>2,926,757</u>	<u>58</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	5(2) and 6(2)	86,954	2	87,084	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	639	-	476	-
1535	Financial assets at amortised cost - non-current	6(3)	352,363	7	405,136	8
1550	Investments accounted for under equity method	6(7)(13)	71,235	1	95,291	2
1600	Property, plant and equipment	6(8), 7 and 8	1,040,175	20	1,098,836	22
1755	Right-of-use assets	6(9)	118,021	2	150,408	3
1760	Investment property, net	6(11)	134,633	3	136,549	3
1780	Intangible assets	6(12)(13)	15,893	-	20,364	-
1840	Deferred income tax assets	6(29)	76,626	2	74,146	1
1915	Prepayments for equipment	6(8)(12)	1,528	-	1,994	-
1920	Guarantee deposits paid		12,777	-	16,269	-
1990	Other non-current assets	6(8)	19,566	-	25,564	1
15XX	Total non-current assets		<u>1,930,410</u>	<u>37</u>	<u>2,112,117</u>	<u>42</u>
1XXX	Total assets		<u>\$ 5,213,244</u>	<u>100</u>	<u>\$ 5,038,874</u>	<u>100</u>

(Continued)


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

Liabilities and Equity	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(14) and 8	\$ 975,185	19	\$ 594,894	12
2110	Short-term notes and bills payable	6(15)	149,972	3	174,938	3
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	218	-
2130	Contract liabilities - current	6(21)	8,776	-	8,035	-
2150	Notes payable		13,154	-	8,038	-
2170	Accounts payable		347,395	7	326,624	7
2200	Other payables	6(16)	427,017	8	380,388	8
2230	Current income tax liabilities	6(29)	1,816	-	982	-
2280	Lease liabilities - current		23,874	-	22,966	-
2310	Advance receipts		581	-	384	-
21XX	Total current liabilities		<u>1,947,770</u>	<u>37</u>	<u>1,517,467</u>	<u>30</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(29)	39,742	1	40,030	1
2580	Lease liabilities - non-current		61,124	1	85,782	2
2640	Net defined benefit liabilities - non-current	6(17)	103,151	2	107,487	2
2645	Guarantee deposits received		7,703	-	8,109	-
25XX	Total non-current liabilities		<u>211,720</u>	<u>4</u>	<u>241,408</u>	<u>5</u>
2XXX	Total liabilities		<u>2,159,490</u>	<u>41</u>	<u>1,758,875</u>	<u>35</u>
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(18)	1,471,535	28	1,471,535	29
3200	Capital surplus	6(19)(31)	845,412	16	874,643	17
Retained earnings						
3310	Legal reserve	6(20)	766,835	15	766,835	15
3320	Special reserve		162,805	3	63,280	1
3350	Unappropriated retained earnings		41,921	1	289,174	6
3400	Other equity interest	6(6)(7)(21)	(212,091)	(4)	(162,805)	(3)
3500	Treasury stocks	6(18)	(22,663)	-	(22,663)	-
3XXX	Total equity		<u>3,053,754</u>	<u>59</u>	<u>3,279,999</u>	<u>65</u>
Contingent liabilities and commitments 9						
Significant events after the balance sheet date 11						
3X2X	Total liabilities and equity		<u>\$ 5,213,244</u>	<u>100</u>	<u>\$ 5,038,874</u>	<u>100</u>

Chairman :



General Manager :



Accounting officer manager :




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

Items	Notes	Year ended December 31				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(22) and 7	\$ 5,761,476	100	\$ 5,970,540	100
5000	Operating costs	6(5)(8)(9)(12)(16) (27)(28), 7 and 12	(4,985,268)	(87)	(5,299,588)	(89)
5900	Net operating margin		776,208	13	670,952	11
	Operating expenses	6(9)(11)(12)(17)(27)(28), 7 and 12				
6100	Selling expenses		(319,250)	(6)	(269,739)	(4)
6200	General and administrative expenses		(533,293)	(9)	(527,781)	(9)
6300	Research and development expenses		(73,251)	(1)	(77,373)	(1)
6450	Expected credit losses		(7,044)	-	(124,052)	(2)
6000	Total operating expenses		(932,838)	(16)	(998,945)	(16)
6900	Operating loss		(156,630)	(3)	(327,993)	(5)
	Non-operating income and expenses					
7100	Interest income	6(3)(23) and 7	23,611	1	37,828	1
7010	Other income	6(10)(11)(24) and 7	14,772	-	28,480	-
7020	Other gains and losses	6(2)(3)(7)(9)(13) (25)(27) and 12	(7,423)	-	(77,658)	(1)
7050	Finance costs	6(9)(26)	(12,439)	-	(24,182)	(1)
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(7)	11,451	-	(17,220)	-
7000	Total non-operating income and expenses		29,972	1	(52,752)	(1)
7900	Loss before income tax		(126,658)	(2)	(380,745)	(6)
7950	Income tax (expense) benefit	6(29)	(8,446)	-	25,547	-
8200	Loss for the year		(\$ 135,104)	(2)	(\$ 355,198)	(6)

(Continued)


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

Items	Notes	Year ended December 31				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
Other comprehensive loss						
Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8311	Actuarial loss on defined benefit plans	6(17)	(\$ 16,778)	-	(\$ 3,343)	-
8316	Unrealized gains (loss) on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(6)(21)	163	-	(94)	-
8320	Share of other comprehensive loss of associates and joint ventures accounted for under equity method - will not be reclassified to profit or loss	6(7)(21)	(227)	-	(3,477)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)	3,770	-	659	-
Components of other comprehensive loss that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations	6(21)	(47,973)	(1)	(92,881)	(2)
8370	Share of other comprehensive loss of associates and joint ventures accounted for under equity method - will be reclassified to profit or loss	6(7)(21)	(865)	-	(2,995)	-
8300	Total other comprehensive loss for the year		<u>(\$ 61,910)</u>	<u>(1)</u>	<u>(\$ 102,131)</u>	<u>(2)</u>
8500	Total comprehensive loss for the year		<u>(\$ 197,014)</u>	<u>(3)</u>	<u>(\$ 457,329)</u>	<u>(8)</u>
Loss attributable to:						
8610	Owners of the parent		(\$ 135,104)	(2)	(\$ 358,606)	(6)
8620	Non-controlling interest		-	-	3,408	-
			<u>(\$ 135,104)</u>	<u>(2)</u>	<u>(\$ 355,198)</u>	<u>(6)</u>
Comprehensive loss attributable to:						
8710	Owners of the parent		(\$ 197,014)	(3)	(\$ 460,690)	(8)
8720	Non-controlling interest		-	-	3,361	-
			<u>(\$ 197,014)</u>	<u>(3)</u>	<u>(\$ 457,329)</u>	<u>(8)</u>
Loss per share (in dollars) 6(30)						
9750	Basic		(\$ 0.92)		(\$ 2.45)	
9850	Diluted		(\$ 0.92)		(\$ 2.45)	

Chairman :



General Manager :



Accounting officer manager :




TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
 (Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
	Notes	Retained Earnings					Other Equity Interest			Total	Non-controlling interest	Total equity
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks			
For the year ended December 31, 2020												
Balance at January 1, 2020		\$ 1,471,535	\$ 880,971	\$ 758,787	\$ 3,979	\$ 790,765	(\$ 63,372)	\$ 92	(\$ 22,663)	\$ 3,820,094	(\$ 3,701)	\$ 3,816,393
Loss for the year ended December 31, 2020		-	-	-	-	(358,606)	-	-	-	(358,606)	3,408	(355,198)
Other comprehensive loss for the year ended December 31, 2020	6(21)	-	-	-	-	(2,559)	(95,829)	(3,696)	-	(102,084)	(47)	(102,131)
Total comprehensive loss for the year ended December 31, 2020		-	-	-	-	(361,165)	(95,829)	(3,696)	-	(460,690)	3,361	(457,329)
Compensation cost of employee stock options		-	5	-	-	-	-	-	-	5	-	5
Distribution of 2019 net income:												
Legal reserve		-	-	8,048	-	(8,048)	-	-	-	-	-	-
Special reserve		-	-	-	59,301	(59,301)	-	-	-	-	-	-
Cash dividends	6(20)	-	-	-	-	(73,077)	-	-	-	(73,077)	-	(73,077)
Adjustment for change in capital surplus of investee companies		-	(1,609)	-	-	-	-	-	-	(1,609)	-	(1,609)
Difference between the acquisition price and carrying amounts of subsidiaries		-	(4,724)	-	-	-	-	-	-	(4,724)	-	(4,724)
Non-controlling interest		-	-	-	-	-	-	-	-	-	340	340
Balance at December 31, 2020		\$ 1,471,535	\$ 874,643	\$ 766,835	\$ 63,280	\$ 289,174	(\$ 159,201)	(\$ 3,604)	(\$ 22,663)	\$ 3,279,999	\$ -	\$ 3,279,999
For the year ended December 31, 2021												
Balance at January 1, 2021		\$ 1,471,535	\$ 874,643	\$ 766,835	\$ 63,280	\$ 289,174	(\$ 159,201)	(\$ 3,604)	(\$ 22,663)	\$ 3,279,999	\$ -	\$ 3,279,999
Loss for the year ended December 31, 2021		-	-	-	-	(135,104)	-	-	-	(135,104)	-	(135,104)
Other comprehensive loss for the year ended December 31, 2021	6(21)	-	-	-	-	(12,624)	(48,838)	(448)	-	(61,910)	-	(61,910)
Total comprehensive loss for the year ended December 31, 2021		-	-	-	-	(147,728)	(48,838)	(448)	-	(197,014)	-	(197,014)
Distribution of 2020 net income:												
Special reserve		-	-	-	99,525	(99,525)	-	-	-	-	-	-
Cash distribution from capital surplus	6(19)	-	(29,231)	-	-	-	-	-	-	(29,231)	-	(29,231)
Balance at December 31, 2021		\$ 1,471,535	\$ 845,412	\$ 766,835	\$ 162,805	\$ 41,921	(\$ 208,039)	(\$ 4,052)	(\$ 22,663)	\$ 3,053,754	\$ -	\$ 3,053,754

Chairman :



General Manager :

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Accounting officer manager :





TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(\$ 126,658)	(\$ 380,745)
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets and liabilities at fair value through profit or loss	6(25)	(218)	(9,805)
Loss on disposal of investments	6(3)	-	3,500
Expected credit losses (including listed as "Other income")	12	6,055	124,052
Gain on disposal of non-current assets held for sale	6(25)	-	(34,076)
Share of (profit) loss of associates and joint ventures accounted for under equity method	6(7)	(11,451)	17,220
Impairment loss on investments accounted for under equity method	6(7)(13)(25)	-	49,970
Depreciation	6(8)(9)(11)(27)	129,993	136,543
(Gain) loss on disposal of property, plant and equipment	6(25)	(1,106)	538
Income from reversion of land entrusted to others' name	6(8)(32)	-	(11,053)
Property, plant and equipment transferred to expense	6(8)(32)	64	-
Loss from lease modification	6(9)(25)	-	14
Loss on disposal of investment property	6(25)	3	3
Amortisation	6(12)(27)	7,657	8,245
Prepayment for equipment transferred to expense	6(32)	-	40
Compensation cost of employee stock options	6(19)	-	5
Dividend income	6(24)	-	(8)
Interest income	6(23)	(23,611)	(37,828)
Interest expense	6(26)	12,439	24,182
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		307	2,188
Accounts receivable		(122,953)	4,534
Other receivables		4,794	(11,036)
Inventories		(437,349)	259,073
Prepayments		(7,760)	70,915
Changes in operating liabilities			
Contract liabilities - current		741	6,867
Notes payable		5,116	(2,780)
Accounts payable		20,771	35,679
Other payables		41,404	(87,802)
Advance receipts		197	157
Net defined benefit liabilities - non-current		(17,349)	3,384
Cash (outflow) inflow generated from operations		(518,914)	171,976
Dividends received		803	8
Interest received		24,598	45,762
Interest paid		(12,237)	(25,309)
Income tax received		30	-
Income tax paid		(6,948)	(23,478)
Net cash flows (used in) from operating activities		(512,668)	168,959

(Continued)


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

	Notes	Year ended December 31,	
		2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in financial assets at amortised cost		\$ 42,364	\$ 504,675
Decrease in other receivables		13,549	11,279
Decrease in other receivables - related parties		-	17,221
Proceeds from capital reduction of financial assets at fair value	12		
through profit of loss		130	153
Proceeds from disposal of non-current assets held for sale		-	35,205
Return of capital in advance from investments accounted for under equity method	6(7)	33,612	-
Cash paid for acquisition of property plant and equipment	6(32)	(56,187)	(57,569)
Proceeds from disposal of property, plant and equipment		2,227	1,288
Cash paid for acquisition of investment property	6(11)	-	(1,540)
Acquisition of intangible assets	6(12)	(3,189)	(4,686)
Increase in prepayments for equipment		(1,528)	(1,994)
Decrease (increase) in guarantee deposits paid		3,492	(2,045)
Decrease in other non-current assets		6,395	2,844
Net cash flows from investing activities		40,865	504,831
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(33)	885,185	497,394
Repayments of short-term borrowings	6(33)	(504,246)	(771,596)
Increase in short-term notes and bills payable	6(33)	-	175,000
Decrease in short-term notes and bills payable	6(33)	(25,000)	(100,000)
Payments of lease liabilities	6(33)	(23,201)	(24,900)
Decrease in guarantee deposit received	6(33)	(406)	(532)
Cash distribution from capital surplus	6(19)	(29,231)	-
Payment of cash dividends	6(20)	-	(73,077)
Transactions with non-controlling interest	6(31)	-	(6,000)
Net cash flows from (used in) financing activities		303,101	(303,711)
Effect of foreign exchange rate changes on cash		(18,939)	(26,128)
Net (decrease) increase in cash and cash equivalents		(187,641)	343,951
Cash and cash equivalents at beginning of year	6(1)	868,736	524,785
Cash and cash equivalents at end of year	6(1)	\$ 681,095	\$ 868,736

Chairman :



General Manager :



Accounting officer manager :




TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

1. HISTORY AND ORGANIZATION

- (1) Tainan Enterprises Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other relevant laws and regulations in August 1961. The Company and its subsidiaries (the “Group”) are primarily engaged in manufacturing, retail and export various of apparels (including woven and knitted garments).
- (2) As of December 31, 2021, the Group has 13,151 employees.
- (3) The common shares of the Company had been listed on the Taipei Exchange since April 1999, and has been transferred to be listed on the Taiwan Stock Exchange since September 2000.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 22, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board (“IASB”)</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform – Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

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

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

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018 – 2020	January 1, 2022

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date 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, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. SUMMARY OF 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.

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, ‘CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY’.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (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 (transactions with non-controlling interests) are accounted for as equity transactions, i.e., transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
 - (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial

recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiaries	Main business activities	Ownership (%)		Note
			December 31, 2021	December 31, 2020	
Tainan Enterprises Co., Ltd.	Tainan Enterprise (BVI) Co., Limited	Professional investments	100.00	100.00	—
Tainan Enterprises Co., Ltd.	P.T.Tainan Enterprises Indonesia	Garment processing, production and selling	100.00	100.00	—
Tainan Enterprises Co., Ltd.	PT. ANDALAN MANDIRI BUSANA	Garment processing, production and selling	100.00	100.00	—
Tainan Enterprises Co., Ltd.	TAI NAN ENTERPRISES (CAMBODIA) CO., LTD	Garment processing, production and selling	100.00	100.00	—
Tainan Enterprises Co., Ltd.	Tainan Enterprises (Vietnam) Co., Ltd.	Garment processing, production and selling	100.00	100.00	—
Tainan Enterprises Co., Ltd.	Beyoung Fashion Co., Ltd.	Garment processing, production and selling	100.00	100.00	—

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Note
			December 31, 2021	December 31, 2020	
Tainan Enterprises Co., Ltd.	Fortune International Co., Ltd.	Garment and cloth selling and trading service	—	100.00	(Note 1)
Tainan Enterprise (BVI) Co., Limited	Yixing Gaoqing Garments Co., Ltd.	Garment processing, production and selling	100.00	100.00	—
Tainan Enterprise (BVI) Co., Limited	Zhoukou Tainan Garment Co., Ltd.	Garment processing, production and selling	100.00	100.00	(Note 2)
Tainan Enterprise (BVI) Co., Limited	T&G FASHION CO., LTD.	Professional investments	100.00	100.00	—
T&G FASHION CO., LTD.	Gin-Sovann Fashion (Cambodia) Limited.	Garment processing, production and selling	100.00	100.00	—
T&G FASHION CO., LTD.	CAMITEX (CAMBODIA) MFG CO LTD.	Garment processing, production and selling	100.00	100.00	(Note 2)
T&G FASHION CO., LTD.	Golden Harbor Garment (Cambodia) Limited.	Garment processing, production and selling	100.00	100.00	(Note 2)

(Note 1) The liquidation had been completed in the second quarter of 2021.

(Note 2) The subsidiary has been ceased business and was pending for liquidation process.

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within “Other gains and losses”.

B. Translation of foreign operations

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

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be

sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective

interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

(9) Accounts and notes receivable

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

(10) Inventories

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(12) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected

credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(13) Derecognition of financial assets

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

(14) Leasing arrangements (lessor) – operating leases

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

(15) Investments accounted for under equity method - associates and joint ventures

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

relevant assets or liabilities were disposed of.

- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- G. The Group accounts for its interest in a joint venture using equity method. Unrealized profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(16) Property, plant and equipment

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

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

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

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate or the interest rate of government bonds of the country to which each subsidiary belongs. Lease payments are fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date;
 - (c) Any initial direct costs incurred by the lessee; and
 The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognize the difference in profit or loss.

(18) Investment property

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

(19) Intangible assets

A. Computer software

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

B. Goodwill

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

(20) Impairment of non-financial assets

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

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

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

(21) Borrowings

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

(22) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(23) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(24) Derecognition of financial liabilities

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

(25) Offsetting financial instruments

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

(26) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in

estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing market price at the previous day of the board meeting resolution.

(27) Income tax

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

(28) Share capital

- A. Ordinary shares are classified as equity.

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

(29) Dividends

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

(30) Revenue recognition

A. Sale of goods

(a) Sales are recognized when control of the products has transferred, being when the products are delivered to the client, the client has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the client's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the client, and either the client has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

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

(31) 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.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible

for allocating resources and assessing performance of the operating segments.

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

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

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

None.

(2) Critical accounting estimates and assumptions

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

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

B. As of December 31, 2021, the carrying amount of unlisted stocks without active market was \$86,954.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash:		
Cash on hand	\$ 2,913	\$ 2,289
Checking accounts and demand deposits	<u>300,494</u>	<u>412,600</u>
	<u>303,407</u>	<u>414,889</u>
Cash equivalents:		
Time deposits	<u>377,688</u>	<u>453,847</u>
	<u>\$ 681,095</u>	<u>\$ 868,736</u>

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

B. The Group has no cash and cash equivalents pledged to others as of December 31, 2021 and 2020.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Asset</u>		
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ <u>86,954</u>	\$ <u>87,084</u>
<u>Liabilities</u>		
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivative — forward foreign exchange contracts	\$ <u>—</u>	\$ <u>218</u>

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

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Financial assets and liabilities mandatorily measured at fair value through profit or loss	(\$ <u>896</u>)	(\$ <u>13,620</u>)

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

	<u>December 31, 2020</u>	
<u>Derivative instruments</u>	<u>Contract amount (notional principal in thousands)</u>	<u>Contract period</u>
Forward foreign exchange selling contracts	USD 2,000	Dec., 2020 ~ March, 2021

There was no such situation in 2021.

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

- C. The Group has no financial assets at fair value through profit or loss pledged to others as of December 31, 2021 and 2020.
- D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2), 'Financial instruments'.

(3) Financial assets at amortized cost

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Bonds	\$ 46,717	\$ 45,215
Less: Accumulated impairment	(6,987)	(7,189)
	<u>\$ 39,730</u>	<u>\$ 38,026</u>
Non-current items:		
Bonds	<u>\$ 352,363</u>	<u>\$ 405,136</u>

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

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest income	\$ 17,778	\$ 25,728
Losses on disposal of investment	-	(3,500)
	<u>\$ 17,778</u>	<u>\$ 22,228</u>

B. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was approximately equal to its carrying amounts.

C. The Group has no financial assets at amortized cost pledged to others as of December 31, 2021 and 2020.

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

(4) Notes and accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	<u>\$ 380</u>	<u>\$ 687</u>
Accounts receivable	\$ 1,149,481	\$ 1,152,325
Less: Allowance for uncollectible accounts (Note)	(4,310)	(124,052)
	<u>\$ 1,145,171</u>	<u>\$ 1,028,273</u>

(Note) The uncollectible accounts have been written-off for the three months ended March 31, 2021.

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

	December 31, 2021		December 31, 2020	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 380	\$ 1,118,719	\$ 687	\$ 966,401
Up to 30 days	-	9,953	-	21,628
31 to 90 days	-	3,192	-	10,465
Over 91 days	-	17,617	-	153,831
	<u>\$ 380</u>	<u>\$ 1,149,481</u>	<u>\$ 687</u>	<u>\$ 1,152,325</u>

The above aging analysis was based on past due date.

- B. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$1,159,734.
- C. The Group does not hold any collateral pledged for notes and accounts receivable as of December 31, 2021 and 2020.
- D. The Group has no notes and accounts receivable pledged to others as of December 31, 2021 and 2020.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2), 'Financial instruments'.

(5) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 485,683	\$ -	\$ 485,683
Work in progress	731,182	-	731,182
	<u>\$ 1,216,865</u>	<u>\$ -</u>	<u>\$ 1,216,865</u>
	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 222,757	\$ -	\$ 222,757
Work in progress	556,759	-	556,759
	<u>\$ 779,516</u>	<u>\$ -</u>	<u>\$ 779,516</u>

The cost of inventories recognized as expense:

	For the years ended December 31,	
	2021	2020
Cost of goods sold	\$ 5,010,086	\$ 5,319,449
Income from sale of scraps	(24,818)	(19,861)
	<u>\$ 4,985,268</u>	<u>\$ 5,299,588</u>

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

Items	December 31, 2021	December 31, 2020
Equity instruments		
Listed stocks	\$ 1,452	\$ 1,452
Valuation adjustment	(813)	(976)
	\$ 639	\$ 476

- A. The Group has elected to classify investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$639 and \$476 as of December 31, 2021 and 2020, respectively.
- B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2021	2020
Fair value changes	\$ 163	(\$ 94)

- C. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was equal to its book value.
- D. The Group has no financial assets at fair value through other comprehensive income pledged to others as of December 31, 2021 and 2020.
- E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2), 'Financial instruments'.

(7) Investments accounted for using equity method

A. Movements of investments accounted for under equity method:

	For the years ended December 31,	
	2021	2020
At January 1	\$ 95,291	\$ 168,953
Share of profit or loss of associates and joint ventures accounted for under equity method	11,451 (	17,220)
Impairment loss	- (	49,970)
Return capital in advance from liquidation of investments accounted for under the equity method	(33,612)	-
Earnings distribution of investments accounted for under equity method	(803)	-
Changes in other equity items - unrealized gains and losses on financial assets at fair value through other comprehensive income	(611) (	3,602)
Changes in other equity items - changes in actuarial benefits of defined benefit plans	384	125
Changes in other equity items - exchange differences on translation of foreign financial statements	(865) (	2,995)
At December 31	<u>\$ 71,235</u>	<u>\$ 95,291</u>

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

	December 31, 2021	December 31, 2020
Joint ventures	\$ 9,395	\$ 46,459
Associates	61,840	48,832
	<u>\$ 71,235</u>	<u>\$ 95,291</u>

C. Joint venture

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

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2021	December 31, 2020		
New Premium Enterprise Co.,Ltd. and subsidiary	Cambodia (Note)	50%	50%	Joint venture	Equity method

(Note) The country of registration is Samoa.

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

Balance sheet

	New Premium Enterprise Co., Ltd. and subsidiary	
	December 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 18,790	\$ 76,473
Other current assets	–	363
Current assets	18,790	76,836
Non-current assets	–	19,196
Total assets	18,790	96,032
Current financial liabilities	–	–
Other current liabilities	–	(3,114)
Current liabilities	–	(3,114)
Non-current financial liabilities	–	–
Other non-current liabilities	–	–
Non-current liabilities	–	–
Total liabilities	–	(3,114)
Total net assets	\$ 18,790	\$ 92,918
Share in joint venture's net assets	\$ 9,395	\$ 46,459
Carrying amount of the joint venture	\$ 9,395	\$ 46,459

Statement of comprehensive income

	New Premium Enterprise Co., Ltd. and subsidiary	
	For the years ended December 31,	
	2021	2020
Revenue	\$ –	\$ 42,830
Depreciation and amortization	\$ 1,833	\$ 11,966
Interest income	\$ 50	\$ 669
Interest expense	\$ –	\$ –
Loss before income tax	(\$ 5,147)	(\$ 53,338)
Income tax expense	–	–
Loss after income tax	(\$ 5,147)	(\$ 53,338)
Other comprehensive loss, net of tax	(1,757)	(5,670)
Total comprehensive loss	(\$ 6,904)	(\$ 59,008)

In the fourth quarter of 2020, the Board of Directors resolved to shut down JEI JOM Enterprise Co., Ltd., a subsidiary of the Group's joint venture, New Premium Enterprise Co., Ltd. The Group recognized an impairment loss of \$49,970 for the year ended December 31, 2020. Please refer to Note 6(13) for details of accumulated impairment loss.

- (c) The Group's joint venture, New Premium Enterprise Co., Ltd., returned capital from liquidation amounting to \$33,612 in advance in the second quarter of 2021 due to the liquidation and dissolution of its subsidiary. The amount will be settled after the subsidiary is liquidated and dissolved. However, the liquidation and dissolution process has not been completed as of December 31, 2021.

D. Associates

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

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2021	December 31, 2020		
Tainan Enterprise (Cayman) Co., Limited.	China (Note)	13.39%	13.39%	Strategic investment	Equity method

(Note) The country of registration is Cayman Islands.

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

Balance sheet

	Tainan Enterprise (Cayman) Co., Limited and subsidiaries	
	December 31, 2021	December 31, 2020
Current assets	\$ 726,256	\$ 824,927
Non-current assets	433,521	365,464
Current liabilities	(511,156)	(662,989)
Non-current liabilities	(128,156)	(112,969)
Non-controlling interest	(58,634)	(49,752)
Total net assets	<u>\$ 461,831</u>	<u>\$ 364,681</u>
Share in associate's net assets	<u>\$ 61,840</u>	<u>\$ 48,832</u>
Carrying amount of the associate	<u>\$ 61,840</u>	<u>\$ 48,832</u>

Statement of comprehensive income

	Tainan Enterprise (Cayman) Co., Limited and subsidiaries	
	For the years ended December 31,	
	2021	2020
Revenue	<u>\$ 1,524,895</u>	<u>\$ 1,783,704</u>
Profit after income tax	\$ 118,213	\$ 81,142
Other comprehensive loss, net of tax	(1,585)	(27,165)
Total comprehensive income	<u>\$ 116,628</u>	<u>\$ 53,977</u>
Dividends received from associate	<u>\$ 4,015</u>	<u>\$ -</u>

- (c) The Group's material associate, Tainan Enterprise (Cayman) Co., Limited, has quoted market price was \$168,040 (\$38.75 (in dollars) per share) and \$205,181 (\$51.10 (in dollars) per share) as of December 31, 2021 and 2020, respectively.
- E. The Group has no investments accounted for under equity method pledged to others as of December 31, 2021 and 2020.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Utilities equipment</u>	<u>Transportation and office equipment</u>	<u>Leasehold assets</u>	<u>Others</u>	<u>Construction in progress</u>	<u>Total</u>
<u>January 1, 2021</u>									
Cost	\$ 308,775	\$1,006,890	\$ 615,867	\$ 146,564	\$ 160,779	\$ 18,209	\$ 18,332	\$ 27,890	\$2,303,306
Accumulated depreciation	-	(497,664)	(456,326)	(101,183)	(126,030)	(7,245)	(16,022)	-	(1,204,470)
	<u>\$ 308,775</u>	<u>\$ 509,226</u>	<u>\$ 159,541</u>	<u>\$ 45,381</u>	<u>\$ 34,749</u>	<u>\$ 10,964</u>	<u>\$ 2,310</u>	<u>\$ 27,890</u>	<u>\$1,098,836</u>
<u>For the year ended December 31, 2021</u>									
At January 1	\$ 308,775	\$ 509,226	\$ 159,541	\$ 45,381	\$ 34,749	\$ 10,964	\$ 2,310	\$ 27,890	\$1,098,836
Additions	-	8,198	26,919	5,868	7,214	7,843	37	672	56,751
Transferred from prepayment for equipment	-	1,994	-	-	-	-	-	-	1,994
Reclassifications (Note)	-	-	1,083	20,898	-	5,521	-	(27,963)	(461)
Depreciation	-	(28,868)	(42,918)	(10,131)	(12,108)	(2,953)	(244)	-	(97,222)
Disposals - cost	-	(27,933)	(30,319)	(8,800)	(7,769)	(115)	(237)	-	(75,173)
- accumulated depreciation	-	27,927	29,571	8,800	7,449	91	214	-	74,052
Net currency exchange differences	(1,399)	(10,598)	(3,759)	(1,535)	(493)	(461)	(10)	(347)	(18,602)
At December 31	<u>\$ 307,376</u>	<u>\$ 479,946</u>	<u>\$ 140,118</u>	<u>\$ 60,481</u>	<u>\$ 29,042</u>	<u>\$ 20,890</u>	<u>\$ 2,070</u>	<u>\$ 252</u>	<u>\$1,040,175</u>
<u>December 31, 2021</u>									
Cost	\$ 307,376	\$ 972,326	\$ 608,983	\$ 160,175	\$ 157,395	\$ 30,760	\$ 18,054	\$ 252	\$2,255,321
Accumulated depreciation	-	(492,380)	(468,865)	(99,694)	(128,353)	(9,870)	(15,984)	-	(1,215,146)
	<u>\$ 307,376</u>	<u>\$ 479,946</u>	<u>\$ 140,118</u>	<u>\$ 60,481</u>	<u>\$ 29,042</u>	<u>\$ 20,890</u>	<u>\$ 2,070</u>	<u>\$ 252</u>	<u>\$1,040,175</u>

(Note) Transferred to “Other non-current assets – other” \$397 and transferred to “Operating costs” \$64.

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation and office equipment	Leasehold assets	Others	Construction in progress	Total
<u>January 1, 2020</u>									
Cost	\$ 300,184	\$1,046,746	\$ 655,296	\$ 146,748	\$ 154,364	\$ 31,940	\$ 18,160	\$ 6,504	\$2,359,942
Accumulated depreciation	–	(484,440)	(450,678)	(96,117)	(120,675)	(16,055)	(15,690)	–	(1,183,655)
	<u>\$ 300,184</u>	<u>\$ 562,306</u>	<u>\$ 204,618</u>	<u>\$ 50,631</u>	<u>\$ 33,689</u>	<u>\$ 15,885</u>	<u>\$ 2,470</u>	<u>\$ 6,504</u>	<u>\$1,176,287</u>
<u>For the year ended December 31, 2020</u>									
At January 1	\$ 300,184	\$ 562,306	\$ 204,618	\$ 50,631	\$ 33,689	\$ 15,885	\$ 2,470	\$ 6,504	\$1,176,287
Additions	–	–	9,568	5,114	14,177	–	95	17,149	46,103
Transferred from prepayment for equipment	–	–	470	2,439	–	–	–	5,259	8,168
Transferred from prepayment	–	–	–	–	–	–	–	218	218
Reclassifications - cost (Note 1)(Note 2)	11,053	(8,044)	–	–	–	–	–	–	3,009
-accumulated depreciation (Note 2)	–	7,240	–	–	–	–	–	–	7,240
Depreciation	–	(31,696)	(46,293)	(10,330)	(11,928)	(4,073)	(268)	–	(104,588)
Disposals - cost	–	(1,857)	(22,990)	(161)	(1,662)	(12,590)	(160)	–	(39,420)
- accumulated depreciation	–	1,854	21,627	161	1,425	12,381	143	–	37,591
Net currency exchange differences	(2,462)	(20,577)	(7,459)	(2,473)	(952)	(639)	30	(1,240)	(35,772)
At December 31	<u>\$ 308,775</u>	<u>\$ 509,226</u>	<u>\$ 159,541</u>	<u>\$ 45,381</u>	<u>\$ 34,749</u>	<u>\$ 10,964</u>	<u>\$ 2,310</u>	<u>\$ 27,890</u>	<u>\$1,098,836</u>
<u>December 31, 2020</u>									
Cost	\$ 308,775	\$1,006,890	\$ 615,867	\$ 146,564	\$ 160,779	\$ 18,209	\$ 18,332	\$ 27,890	\$2,303,306
Accumulated depreciation	–	(497,664)	(456,326)	(101,183)	(126,030)	(7,245)	(16,022)	–	(1,204,470)
	<u>\$ 308,775</u>	<u>\$ 509,226</u>	<u>\$ 159,541</u>	<u>\$ 45,381</u>	<u>\$ 34,749</u>	<u>\$ 10,964</u>	<u>\$ 2,310</u>	<u>\$ 27,890</u>	<u>\$1,098,836</u>

(Note 1) As restricted by the local regulations of Cambodia, the ownership of the Group’s land located in Cambodia had been registered under the name of Kao-Chhin Co., Ltd. In addition, the Group entered into a contract of borrowing other’s name for real estate registration with Kao-Chhin Co., Ltd. which clearly defined the rights and obligations of both parties and reverted the value of the land at the original holding cost amounting to \$11,053 for the year ended December 31, 2020.

(Note 2) Transferred to “Other non-current assets”.

- A. As restricted by the local regulations of Cambodia, the ownership of the Group’s land located in Cambodia had been registered under the name of Kao-Chhin Co., Ltd. In addition, the Group entered into a contract of borrowing other’s name for real estate registration with Kao-Chhin Co., Ltd. which clearly defined the rights and obligations of both parties for the year ended December 31, 2020. The Group is the actual owner of the land.
- B. The Group’s property, plant and equipment are all occupied by the owner for operating purpose as of December 31, 2021 and 2020.
- C. The Group has not capitalized any interest for the years ended December 31, 2021 and 2020.
- D. Please refer to Note 8, ‘Pledged assets’ for information on the Group’s property, plant and equipment that were pledged as collateral as at December 31, 2021 and 2020.

(9) Leasing arrangements – lessee

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 66,685	\$ 83,083
Buildings	51,336	67,325
	<u>\$ 118,021</u>	<u>\$ 150,408</u>

	<u>For the year ended Decenver 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 14,294	\$ 19,403
Buildings	16,564	10,657
	<u>\$ 30,858</u>	<u>\$ 30,060</u>

- D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$2,169 and \$47,909, respectively.

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

	For the year ended December 31,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,526	\$ 4,814
Expense on short-term lease contracts	3,930	3,107
Loss on lease modification	-	14
Other gains	(26)	(22)
	<u>\$ 8,430</u>	<u>\$ 7,913</u>

F. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were \$31,709 and \$33,142, respectively.

(10) Leasing arrangements – lessor

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

B. For the years ended December 31, 2021 and 2020, the Group recognized rent income in the amounts of \$2,650 and \$2,788, respectively, based on the operating lease agreement, which does not include variable lease payments.

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

	December 31, 2021	December 31, 2020
Under 1 year	\$ 2,280	\$ 2,261
1 ~ 5 years	1,724	2,684
Over 5 years	481	601
	<u>\$ 4,485</u>	<u>\$ 5,546</u>

(11) Investment property-net

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>January 1, 2021</u>			
Cost	\$ 95,130	\$ 70,162	\$ 165,292
Accumulated depreciation	—	(28,743)	(28,743)
	<u>\$ 95,130</u>	<u>\$ 41,419</u>	<u>\$ 136,549</u>
<u>For the year ended December 31, 2021</u>			
At January 1	\$ 95,130	\$ 41,419	\$ 136,549
Depreciation	—	(1,913)	(1,913)
Disposals - cost	—	(534)	(534)
- accumulated depreciation	—	531	531
At December 31	<u>\$ 95,130</u>	<u>\$ 39,503</u>	<u>\$ 134,633</u>
<u>December 31, 2021</u>			
Cost	\$ 95,130	\$ 69,628	\$ 164,758
Accumulated depreciation	—	(30,125)	(30,125)
	<u>\$ 95,130</u>	<u>\$ 39,503</u>	<u>\$ 134,633</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>January 1, 2020</u>			
Cost	\$ 95,130	\$ 69,058	\$ 164,188
Accumulated depreciation	—	(27,281)	(27,281)
	<u>\$ 95,130</u>	<u>\$ 41,777</u>	<u>\$ 136,907</u>
<u>For the year ended December 31, 2020</u>			
At January 1	\$ 95,130	\$ 41,777	\$ 136,907
Additions	—	1,540	1,540
Depreciation	—	(1,895)	(1,895)
Disposals - cost	—	(436)	(436)
- accumulated depreciation	—	433	433
At December 31	<u>\$ 95,130</u>	<u>\$ 41,419</u>	<u>\$ 136,549</u>
<u>December 31, 2020</u>			
Cost	\$ 95,130	\$ 70,162	\$ 165,292
Accumulated depreciation	—	(28,743)	(28,743)
	<u>\$ 95,130</u>	<u>\$ 41,419</u>	<u>\$ 136,549</u>

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

	<u>For the year ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Rental income from investment property (listed as “Other income”)	\$ <u>2,546</u>	\$ <u>2,551</u>
Direct operating expenses arising from the investment property that generated rental income during the year	\$ <u>1,913</u>	\$ <u>1,895</u>

B. The fair value of the investment property held by the Group as of December 31, 2021 and 2020 was \$412,147 and \$355,967, respectively. Valuations were made based on most recent transaction prices of similar and comparable properties and official price, which is categorised within Level 2 in the fair value hierarchy.

C. The Group has not capitalized any interest as part of investment property for the years ended December 31, 2021, and 2020.

D. The Group has no investment property pledged to others as of December 31, 2021 and 2020.

(12) Intangible assets

	<u>Software</u>	<u>Goodwill</u>	<u>Total</u>
<u>January 1, 2021</u>			
Cost	\$ 32,390	\$ 82,151	\$ 114,541
Accumulated amortisation	(12,026)	-	(12,026)
Accumulated impairment	-	(78,081)	(78,081)
Net currency exchange differences	-	(4,070)	(4,070)
	<u>\$ 20,364</u>	<u>\$ -</u>	<u>\$ 20,364</u>
<u>For the year ended December 31, 2021</u>			
At January 1	\$ 20,364	\$ -	\$ 20,364
Additions – acquired separately	3,189	-	3,189
Amortisation	(7,657)	-	(7,657)
Disposals - cost	(3,369)	-	(3,369)
- accumulated amortisation	3,369	-	3,369
Net currency exchange differences	(3)	-	(3)
At December 31	<u>\$ 15,893</u>	<u>\$ -</u>	<u>\$ 15,893</u>
<u>December 31, 2021</u>			
Cost	\$ 32,204	\$ 82,151	\$ 114,355
Accumulated amortisation	(16,311)	-	(16,311)
Accumulated impairment	-	(78,081)	(78,081)
Net currency exchange differences	-	(4,070)	(4,070)
	<u>\$ 15,893</u>	<u>\$ -</u>	<u>\$ 15,893</u>

	<u>Software</u>	<u>Goodwill</u>	<u>Total</u>
<u>January 1, 2020</u>			
Cost	\$ 27,435	\$ 82,151	\$ 109,586
Accumulated amortisation	(6,467)	-	(6,467)
Accumulated impairment	-	(78,081)	(78,081)
Net currency exchange differences	-	(4,070)	(4,070)
	<u>\$ 20,968</u>	<u>\$ -</u>	<u>\$ 20,968</u>
<u>For the year ended December 31, 2020</u>			
At January 1	\$ 20,968	\$ -	\$ 20,968
Additions – acquired separately	4,686	-	4,686
Reclassifications (Note)	2,952	-	2,952
Amortisation	(8,245)	-	(8,245)
Disposals - cost	(2,698)	-	(2,698)
- accumulated amortisation	2,698	-	2,698
Net currency exchange differences	3	-	3
At December 31	<u>\$ 20,364</u>	<u>\$ -</u>	<u>\$ 20,364</u>
<u>December 31, 2020</u>			
Cost	\$ 32,390	\$ 82,151	\$ 114,541
Accumulated amortisation	(12,026)	-	(12,026)
Accumulated impairment	-	(78,081)	(78,081)
Net currency exchange differences	-	(4,070)	(4,070)
	<u>\$ 20,364</u>	<u>\$ -</u>	<u>\$ 20,364</u>

(Note) Transferred from “Prepayments for equipment”.

A. The Group has not capitalized any borrowing costs as part of intangible assets for the years ended December 31, 2021 and 2020.

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

	<u>For the year ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Operating costs	\$ 92	\$ 64
General and administrative expenses	7,565	8,181
	<u>\$ 7,657</u>	<u>\$ 8,245</u>

C. The Group's goodwill is assessed for impairment based on the value-in-use recoverable amount that is lower than the carrying amount. There is no impairment loss for the years ended December 31, 2021 and 2020. Impairment loss information about the intangible assets is provided in Note 6(13), ‘Impairment of non-financial assets’.

(13) Impairment of non-financial assets

A. The Group recognized impairment loss for the years ended December 31, 2021 and 2020 amounting to \$— and \$49,970 (listed as “Other gains and losses”), respectively. Details of such loss are as follows:

	For the year ended December 31,			
	2021		2020	
	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in profit or loss	Recognized in other comprehensive income
Impairment loss — investments accounted for under equity method	\$ —	\$ —	\$ 49,970	\$ —

B. The impairment loss reported by operating segments is as follows:

	For the year ended December 31,			
	2021		2020	
	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in profit or loss	Recognized in other comprehensive income
New Premium Enterprise Co., Ltd. and subsidiary	\$ —	\$ —	\$ 49,970	\$ —

C. The accumulated impairment which the Group recognized on investments accounted for under equity method as of December 31, 2021 and 2020 was both \$49,970. The accumulated impairment which the Group recognized on goodwill (listed as “Intangible assets”) as of December 31, 2021 and 2020 was both \$78,081.

(14) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured bank borrowings	\$ 975,185	0.43%~2.05%	None
Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured bank borrowings	\$ 594,894	0.81%~2.80%	None

Please refer to Note 6(26), ‘Finance costs’ for more information about interest expense recognized by the Group for the years ended December 31, 2021 and 2020.

(15) Short-term notes and bills payable

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Commercial papers payable	\$ 150,000	0.91%~0.92%	None
Less: Unamortized discount	(28)		
	\$ 149,972		

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Commercial papers payable	\$ 175,000	0.92%~0.97%	None
Less: Unamortized discount	(62)		
	<u>\$ 174,938</u>		

A. The above commercial papers were issued and secured by China Bills Finance Co., Ltd., etc. for short-term financing.

B. Please refer to Note 6(26), 'Finance costs' for more information about interest expense recognized by the Group for the years ended December 31, 2021 and 2020.

(16) Other payables

	December 31, 2021	December 31, 2020
Accrued salaries and bonuses	\$ 231,194	\$ 222,245
Accrued processing fee	74,293	56,442
Accrued pension expense	24,938	19,738
Tax payables	11,753	9,479
Accrued labor insurance and health insurance fee	8,828	8,757
Accrued freight	9,569	5,618
Payables for equipment	2,536	1,972
Others	63,906	56,137
	<u>\$ 427,017</u>	<u>\$ 380,388</u>

(17) Pensions

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

The information on the Company and its subsidiaries — PT. Tainan Enterprise Indonesia and PT. ANDALAN MANDIRI BUSANA's defined benefit pension plan is as follows:

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	(\$ 175,099)	(\$ 189,047)
Fair value of plan assets	<u>71,948</u>	<u>81,560</u>
Net defined benefit liabilities	<u>(\$ 103,151)</u>	<u>(\$ 107,487)</u>

(b) Movements in present value of defined benefit obligations are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
At January 1, 2021	(\$ 189,047)	\$ 81,560	(\$ 107,487)
Current service cost	(15,937)	-	(15,937)
Interest (expense) income	(6,363)	245	(6,118)
Past service cost	<u>23,003</u>	<u>-</u>	<u>23,003</u>
	<u>(188,344)</u>	<u>81,805</u>	<u>(106,539)</u>
Remeasurements:			
Return on plan assets	-	1,233	1,233
Change in demographic assumptions	(58)	-	(58)
Change in financial assumptions	2,569	-	2,569
Experience adjustments	<u>(20,522)</u>	<u>-</u>	<u>(20,522)</u>
	<u>(18,011)</u>	<u>1,233</u>	<u>(16,778)</u>
Pension fund contribution	<u>-</u>	<u>16,401</u>	<u>16,401</u>
Paid pension	<u>27,491</u>	<u>(27,491)</u>	<u>-</u>
Exchange difference	<u>3,765</u>	<u>-</u>	<u>3,765</u>
At December 31, 2021	<u>(\$ 175,099)</u>	<u>\$ 71,948</u>	<u>(\$ 103,151)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1, 2020	(\$ 171,443)	\$ 76,154	(\$ 95,289)
Current service cost	(16,712)	-	(16,712)
Interest (expense) income	(6,221)	533	(5,688)
Past service cost	(743)	-	(743)
	<u>(195,119)</u>	<u>76,687</u>	<u>(118,432)</u>
Remeasurements:			
Return on plan assets	-	2,521	2,521
Change in financial assumptions	(532)	-	(532)
Experience adjustments	(5,332)	-	(5,332)
	<u>(5,864)</u>	<u>2,521</u>	<u>(3,343)</u>
Pension fund contribution	-	8,817	8,817
Paid pension	6,465	(6,465)	-
Exchange difference	5,471	-	5,471
At December 31, 2020	<u><u>(\$ 189,047)</u></u>	<u><u>\$ 81,560</u></u>	<u><u>(\$ 107,487)</u></u>

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company have no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	For the years ended December 31,	
	2021	2020
Discount rate	<u>0.70%~7.58%</u>	<u>0.30%~7.00%</u>
Future salary increases	<u>3.00%~7.00%</u>	<u>3.00%~8.00%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience according to Taiwan Life Insurance Industry 6th and 5th Mortality Table for the years ended December 31, 2021 and 2020, respectively.

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

	Discount rate		Future salary increases	
	Increase 0.25% ~ 1.00%	Decrease 0.25% ~ 1.00%	Increase 0.25% ~ 1.00%	Decrease 0.25% ~ 1.00%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	<u>(\$ 13,132)</u>	<u>\$ 9,737</u>	<u>\$ 8,911</u>	<u>(\$ 12,793)</u>
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	<u>(\$ 11,165)</u>	<u>\$ 12,657</u>	<u>\$ 11,708</u>	<u>(\$ 10,533)</u>

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

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

- (e) Expected contributions to the defined benefit pension plans of the Group for the next year amount to \$10,727.
- (f) As of December 31, 2021, the weighted average duration of the retirement plan is 8 years.
- B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

The subsidiaries in Vietnam, Cambodia, and mainland China set aside pension reserves based on the regulations of the local governments sponsored defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the local governments are based on 0% (Note) ~ 16% of employees’ monthly salaries and wages. The pension of each employee is managed and arranged by the government; other than the monthly contributions, the Group has no further obligations. The

pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were \$48,052 and \$37,113, respectively.

(Note) Due to the COVID-19, certain overseas subsidiaries were granted by their respective government a waiver for the contributions to the defined benefit pension plans from February to December in 2020.

(18) Share capital

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

(Unit: in thousand shares):

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Beginning and ending balance	<u>146,154</u>	<u>146,154</u>

B. As of December 31, 2021, the Company's authorized capital was \$2,000,000 (including \$100,000 thousand shares reserved for employee stock options) and the paid-in capital was \$1,471,535, consisting of 147,154 thousand shares of ordinary stock with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.

C. Treasury shares

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

<u>Reason for reacquisition</u>	<u>For the year ended December 31, 2021</u>			<u>Ending balance</u>
	<u>Beginning balance</u>	<u>Additions</u>	<u>Decrease</u>	
To be reissued to employees	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>

<u>Reason for reacquisition</u>	<u>For the year ended December 31, 2020</u>			<u>Ending balance</u>
	<u>Beginning balance</u>	<u>Additions</u>	<u>Decrease</u>	
To be reissued to employees	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. The balance of the treasury shares after reacquisition and reissue to employees of the Company for the years ended December 31, 2021 and 2020 was both \$22,663.

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

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

(19) Capital surplus

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

B. Movements of the Company's capital surplus for the years ended December 31, 2021 and 2020 are as follows:

For the year ended December 31,2021	Share premium	Difference between the acquisition or disposal price and carrying amount of subsidiaries	Changes in ownership interests in subsidiaries	Share of change in net equity of associates and joint ventures accounted for under the equity method	Expired employee stock options	Others	Total
At January 1	\$785,295	\$ 20,166	\$ 46,042	\$ 12,809	\$ 1,257	\$9,074	\$874,643
Cash distribution from capital surplus	(29,231)	-	-	-	-	-	(29,231)
At December 31	<u>\$756,064</u>	<u>\$ 20,166</u>	<u>\$ 46,042</u>	<u>\$ 12,809</u>	<u>\$ 1,257</u>	<u>\$9,074</u>	<u>\$845,412</u>

For the year ended December 31, 2020	Share premium	Difference between the acquisition or disposal price and carrying amount of subsidiaries	Changes in ownership interests in subsidiaries	Share of change in net equity of associates and joint ventures accounted for under the equity method	Expired employee stock options	Others	Total
At January 1	\$785,295	\$ 26,499	\$ 46,042	\$ 12,809	\$ 1,252	\$9,074	\$880,971
Transactions with non-controlling interest of subsidiaries (Note 1)	-	(6,333)	-	-	-	-	(6,333)
Adjustment for change in capital surplus of investee companies (Note 2)	-	-	-	-	5	-	5
At December 31	<u>\$785,295</u>	<u>\$ 20,166</u>	<u>\$ 46,042</u>	<u>\$ 12,809</u>	<u>\$ 1,257</u>	<u>\$9,074</u>	<u>\$874,643</u>

(Note 1) Part of it refers to the difference between consideration and carrying amount arising from equity transactions between the subsidiary, Tainan Enterprise (BVI) Co., Limited, and the non-controlling interest shareholders of the second-tier subsidiary.

(Note 2) The expired portion of cash capital increase reserved for employee preemption of the subsidiary, Beyoung Fashion Co., Ltd., which the Group recognized in proportion to its ownership.

C. The Company recognized the cash disbursement from capital surplus of \$29,231 (\$0.2 (in dollars) per share) in 2021. On March 22, 2022, the Board of Directors proposed for the distribution of dividends from the capital surplus in the amount of \$14,615 (\$0.1 (in dollars) per share).

(20) Retained earnings

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

B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, special reserve shall be set aside or reversed in accordance with the related laws or the

regulations. The remainder, if any, shall be the current distributable earnings. The current distributable earnings along with the unappropriated earnings in the prior year shall be the accumulated distributable earnings which shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders. The Company's dividend policy shall take into account current and future development plan, investment environment, capital needs, domestic and foreign competition, and capital budget, etc. along with shareholders' interests. Each year, at least 30% of the current distributable earnings shall be appropriated as dividends. The dividends can be distributed in the form of cash or shares and cash dividends shall account for at least 10% of the total dividends distributed.

- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. For the years ended December 31, 2021 and 2020, the Company recognized cash dividends distributed to owners amounting to \$— and \$73,077 (\$0.5 (in dollars) per share), respectively. On March 22, 2022, the Board of Directors proposed no distribution from 2021 earnings except setting aside special surplus reserve in the amount of \$41,919.

(21) Other equity items

	Currency translation difference	Financial assets at fair value through other comprehensive income	Total
<u>For the year ended December 31, 2021</u>			
At January 1	(\$ 159,201)	(\$ 3,604)	(\$ 162,805)
Currency translation differences:			
–The Company	(47,973)	–	(47,973)
–Associates and joint ventures	(865)	–	(865)
Unrealized valuation gains and losses on financial assets at fair value through other comprehensive income			
–The Company	–	163	163
–Associates and joint ventures	–	(611)	(611)
At December 31	<u>(\$ 208,039)</u>	<u>(\$ 4,052)</u>	<u>(\$ 212,091)</u>

(23) Interest income

	For the years ended December 31,	
	2021	2020
Interest income from bank deposits	\$ 4,006	\$ 5,588
Interest income from financial assets measured at amortised cost	17,778	25,728
Others	1,827	6,512
	<u>\$ 23,611</u>	<u>\$ 37,828</u>

(24) Other income

	For the years ended December 31,	
	2021	2020
Rental income	\$ 2,650	\$ 2,788
Government grants income	2,298	2,665
Dividend income	-	8
Others	9,824	23,019
	<u>\$ 14,772</u>	<u>\$ 28,480</u>

(25) Other gains and losses

	For the years ended December 31,	
	2021	2020
Net gain on financial assets and liabilities at fair value through profit or loss	\$ 218	\$ 10,086
Net currency exchange gain (loss)	2,181 (	37,446)
Net gain on disposal of non-current assets held for sale	-	34,076
Net gain (loss) on disposals of property, plant and equipment	1,106 (	538)
Net loss on disposal of investment property	(3) (	3)
Loss on disposal of investment	(1,114) (	27,177)
Impairment loss	- (	49,970)
Loss from lease modifications	- (	14)
Other losses	(9,811) (	6,672)
	<u>(\$ 7,423)</u>	<u>(\$ 77,658)</u>

(26) Finance costs

	For the years ended December 31,	
	2021	2020
Interest expense		
Bank borrowings	\$ 7,913	\$ 19,368
Lease liabilities	4,526	4,814
	<u>\$ 12,439</u>	<u>\$ 24,182</u>

(27) Expenses by nature

	For the year ended December 31, 2021		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 1,300,977	\$ 517,432	\$ 1,818,409
Depreciation charges on property, plant and equipment	76,483	20,739	97,222
Depreciation charges on right-of-use assets	27,844	3,014	30,858
Depreciation charges on investment property (Note)	-	1,913	1,913
Amortization charges on intangible assets	92	7,565	7,657
	<u>\$ 1,405,396</u>	<u>\$ 550,663</u>	<u>\$ 1,956,059</u>

	For the year ended December 31, 2020		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 1,404,178	\$ 515,703	\$ 1,919,881
Depreciation charges on property, plant and equipment	83,312	21,276	104,588
Depreciation charges on right-of-use assets	27,687	2,373	30,060
Depreciation charges on investment property (Note)	-	1,895	1,895
Amortization charges on intangible assets	64	8,181	8,245
	<u>\$ 1,515,241</u>	<u>\$ 549,428</u>	<u>\$ 2,064,669</u>

(Note) Listed as "Other gains and losses".

(28) Employee benefit expense

	For the year ended December 31, 2021		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 1,174,706	\$ 455,977	\$ 1,630,683
Labor and health insurance expenses	67,374	31,684	99,058
Pension costs	32,517	14,587	47,104
Other personnel expenses	<u>26,380</u>	<u>15,184</u>	<u>41,564</u>
	<u>\$ 1,300,977</u>	<u>\$ 517,432</u>	<u>\$ 1,818,409</u>

	For the year ended December 31, 2020		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 1,260,589	\$ 451,131	\$ 1,711,720
Labor and health insurance expenses	77,164	32,712	109,876
Pension costs	42,963	17,293	60,256
Other personnel expenses	<u>23,462</u>	<u>14,567</u>	<u>38,029</u>
	<u>\$ 1,404,178</u>	<u>\$ 515,703</u>	<u>\$ 1,919,881</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.
- B. The Company did not accrue employees' compensation and directors' remuneration due to the loss incurred for the year ended December 31, 2021. According to the resolution of the Board of Directors on March 23, 2021, the Company did not accrue employees' compensation and directors' remuneration due to the loss incurred for the year ended December 31, 2020. The resolution was in agreement with those amounts recognized in the 2020 financial statements. Information about employees' compensation and directors' and supervisors' remuneration of the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense (benefit)

(a) Components of income tax expense (benefit):

	For the year ended December 31,	
	2021	2020
Current income tax:		
Income tax incurred in current year	\$ 4,802	\$ 10,071
Under provision of prior year income tax payable	3,227	7,934
	<u>8,029</u>	<u>18,005</u>
Deferred income tax:		
Origination and reversal of temporary differences	971	(45,422)
Impact of change in tax rate	-	2,950
Net currency exchange difference	(554)	(1,080)
	<u>417</u>	<u>(43,552)</u>
Income tax expense (benefit)	<u>\$ 8,446</u>	<u>(\$ 25,547)</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	For the year ended December 31,	
	2021	2020
Remeasurement of defined benefit obligations	(\$ 3,739)	(\$ 653)
Impact of change in tax rate	-	(42)
Net currency exchange difference	(31)	36
	<u>(\$ 3,770)</u>	<u>(\$ 659)</u>

B. Reconciliation between income tax expense (benefit) and accounting loss:

	For the year ended December 31,	
	2021	2020
Tax calculated based on loss before tax and statutory tax rate	(\$ 29,793)	(\$ 75,872)
Effect from items disallowed by tax regulation	28,206	48,565
Effect from tax exempt income by tax regulation	(190)	(2)
Temporary differences not recognised as deferred tax assets	6,996	-
Change in assessment of realisation of deferred tax assets	-	(9,122)
Under provision of prior years income tax payable	3,227	7,934
Effect from changes in the tax rate	-	2,950
Income tax expense (benefit)	<u>\$ 8,446</u>	<u>(\$ 25,547)</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	For the year ended December 31, 2021			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Unrealised loss on currency exchange	\$ 3,134	\$ 1,515	\$ -	\$ 4,649
Unused compensated absences	1,891	63	-	1,954
Pensions	25,145	(4,304)	3,739	24,580
Unrealised loss on investment	14,774	-	-	14,774
Tax losses	<u>29,202</u>	<u>1,467</u>	<u>-</u>	<u>30,669</u>
	<u>\$ 74,146</u>	<u>(\$ 1,259)</u>	<u>\$ 3,739</u>	<u>\$ 76,626</u>
Deferred tax liabilities				
Temporary differences:				
Unrealised gain on currency exchange	(\$ 288)	\$ 288	\$ -	\$ -
Incremental tax on land revaluation	(33,178)	-	-	(33,178)
Unrealised gain on investment	(6,564)	-	-	(6,564)
	<u>(\$ 40,030)</u>	<u>\$ 288</u>	<u>\$ -</u>	<u>(\$ 39,742)</u>
	<u>\$ 34,116</u>	<u>(\$ 971)</u>	<u>\$ 3,739</u>	<u>\$ 36,884</u>

For the year ended December 31, 2020				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Unrealised loss on currency exchange	\$ 3,629	(\$ 495)	\$ -	\$ 3,134
Unused compensated absences	1,703	188	-	1,891
Pensions	24,908	(297)	534	25,145
Unrealised loss on investment	4,780	9,994	-	14,774
Tax losses	4,633	24,569	-	29,202
	<u>\$ 39,653</u>	<u>\$ 33,959</u>	<u>\$ 534</u>	<u>\$ 74,146</u>

Deferred tax liabilities				
Temporary differences:				
Unrealised gain on currency exchange	\$ -	(\$ 288)	\$ -	(\$ 288)
Incremental tax on land revaluation	(33,178)	-	-	(33,178)
Unrealised gain on investment	(15,365)	8,801	-	(6,564)
Pensions	(161)	-	161	-
	<u>(\$ 48,704)</u>	<u>\$ 8,513</u>	<u>\$ 161</u>	<u>(\$ 40,030)</u>
	<u>(\$ 9,051)</u>	<u>\$ 42,472</u>	<u>\$ 695</u>	<u>\$ 34,116</u>

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2015	\$ 10,513	\$ 924	\$ -	2025
2017	32,998	32,998	-	2027
2018	901	901	-	2028
2019	8,690	8,690	-	2029
2020	98,249	98,249	-	2030
2021	11,584	11,584	-	2031
	<u>\$ 162,935</u>	<u>\$ 153,346</u>	<u>\$ -</u>	

December 31, 2020

Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2015	\$ 58,331	\$ 54,075	\$ 47,818	2025
2017	32,998	32,998	-	2027
2018	901	901	-	2028
2019	8,690	8,690	-	2029
2020	96,754	96,754	-	2030
	<u>\$ 197,674</u>	<u>\$ 193,418</u>	<u>\$ 47,818</u>	

E. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deductible temporary differences		
Unrealized loss on investment	\$ 1,150,385	\$ 972,332
Allowance for doubtful accounts that exceeded the allowable tax limit	<u>55,670</u>	<u>116,250</u>
	<u>\$ 1,206,055</u>	<u>\$ 1,088,582</u>

F. Under Act 8 which was promulgated by the Indonesia government in 2020, the income tax rate was reduced from 25% to 22% effective from the year ended December 31, 2020. The Group has assessed the impact of the change in income tax rate.

G. The Group's income tax returns through 2019~2020 have been assessed and approved by the Tax Authority and there were no disputes existing between the Group and the Authority as of March 22, 2022.

(30) Loss per share

	<u>Year ended December 31, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 135,104)	<u>146,154</u>	(\$ 0.92)

	Year ended December 31, 2020		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 358,606)	146,154	(\$ 2.45)

(31) Transactions with non-controlling interest

A. Acquisition of additional equity interest in a subsidiary

In the fourth quarter of 2020, the Group acquired an additional 30% of shares each of its subsidiaries—Beyoung Fashion Co., Ltd. and T&G FASHION CO., LTD. for a total cash consideration of \$6,000. The carrying amount of non-controlling interest in Beyoung Fashion Co., Ltd. and T&G FASHION CO., LTD. was (\$340) in total at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by (\$340) and a decrease in the equity attributable to owners of the parent by \$6,333. The effect of the above changes is shown below:

	Year ended December 31, 2020		
	<u>Beyoung Fashion Co., Ltd.</u>	<u>T&G FASHION CO., LTD.</u>	<u>Total</u>
Carrying amount of non-controlling interest acquired	(\$ 2,224)	\$ 1,884	(\$ 340)
Differences in net exchange	-	7	7
Consideration paid to non-controlling interest	(2,500)	(3,500)	(6,000)
Capital surplus - difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	(\$ 4,724)	(\$ 1,609)	(\$ 6,333)

B. There is no transaction between the Group and non-controlling interest in 2021.

(32) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2021	2020
Acquisition of property, plant and equipment	\$ 56,751	\$ 46,103
Add: Beginning balance of payables for equipment (listed as "Other payables")	1,972	13,438
Less: Ending balance of payables for equipment (listed as "Other payables")	(2,536)	(1,972)
Cash paid for the acquisition of property, plant and equipment	<u>\$ 56,187</u>	<u>\$ 57,569</u>

B. Operating and investing activities with no cash flow effects:

	For the years ended December 31,	
	2021	2020
(1) Write-off of allowance for doubtful accounts	<u>\$ 125,797</u>	<u>\$ -</u>
(2) Prepayment reclassified to property, plant and equipment	<u>\$ -</u>	<u>\$ 218</u>
(3) Income from reversion of land entrusted to others' name	<u>\$ -</u>	<u>\$ 11,053</u>
(4) Property, plant and equipment reclassified to other current assets	<u>\$ -</u>	<u>\$ 804</u>
(5) Property, plant and equipment reclassified to other non-current assets	<u>\$ 397</u>	<u>\$ -</u>
(6) Prepayment for equipment reclassified to property, plant and equipment	<u>\$ 1,994</u>	<u>\$ 8,168</u>
(7) Prepayment for equipment reclassified to intangible assets	<u>\$ -</u>	<u>\$ 2,952</u>
(8) Prepayment for equipment reclassified to other non-current assets	<u>\$ -</u>	<u>\$ 1,536</u>

(33) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
At January 1, 2021	\$ 594,894	\$ 174,938	\$ 108,748	\$ 8,109	\$ 886,689
Changes in cash flow from financing activities	380,939	(25,000)	(23,201)	(406)	332,332
Changes in other non-cash items	(648)	34	(549)	-	(1,163)
At December 31, 2021	<u>\$ 975,185</u>	<u>\$ 149,972</u>	<u>\$ 84,998</u>	<u>\$ 7,703</u>	<u>\$ 1,217,858</u>
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
At January 1, 2020	\$ 874,307	\$ 99,945	\$ 92,005	\$ 8,641	\$ 1,074,898
Changes in cash flow from financing activities	(274,202)	75,000	(24,900)	(532)	(224,634)
Changes in other non-cash items	(5,211)	(7)	41,643	-	36,425
At December 31, 2020	<u>\$ 594,894</u>	<u>\$ 174,938</u>	<u>\$ 108,748</u>	<u>\$ 8,109</u>	<u>\$ 886,689</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Tainan Enterprise (Cayman) Co., Limited	Associate
TONY WEAR (Shanghai) Fashion Co., Ltd.	Associate
New Premium Enterprise Co., Ltd.	Joint venture
JEI JOM Enterprise Co., Ltd.	Joint venture
Nelson Sport Co., Ltd.	Other related party

(2) Significant related party transactions

A. Operating revenue

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Sales of goods:		
Others related parties	\$ -	\$ 2,206
Sales of services:		
Joint ventures	-	1,622
	<u>\$ -</u>	<u>\$ 3,828</u>

The sales terms to related parties were the same for third parties, and the collection period for related parties was closed their accounts 4 months after the end of each month.

B. Operating cost

	For the years ended December 31,	
	2021	2020
Purchases of services:		
Joint ventures	\$ <u> –</u>	\$ <u> 9,662</u>

The purchase terms from related parties were the same for third parties, and the payment term for related parties was closed their accounts 4 months after the end of each month.

C. Other income

	For the years ended December 31,	
	2021	2020
TONY WEAR (Shanghai) Fashion Co., Limited	\$ 2,187	\$ 2,267
Associates	<u>228</u>	<u>228</u>
	\$ <u>2,415</u>	\$ <u>2,495</u>

D. Property transactions

(a) Acquisition of property, plant and equipment:

	For the years ended December 31,	
	2021	2020
Joint ventures	\$ <u> 10,124</u>	\$ <u> –</u>

(b) Acquisition of other assets (listed as “Operating costs” and “General and administrative expenses”):

	For the years ended December 31,	
	2021	2020
Joint ventures	\$ <u> 483</u>	\$ <u> –</u>

(3) Key management compensation

	For the years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	\$ 22,883	\$ 22,630
Post-employment benefits	<u>643</u>	<u>663</u>
	\$ <u>23,526</u>	\$ <u>23,293</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2021	December 31, 2020	
Land (Note)	\$ 92,549	\$ 92,549	Guarantee for short-term borrowings
Buildings and structures, net (Note)	36,962	36,566	"
	<u>\$ 129,511</u>	<u>\$ 129,115</u>	

Note: listed as "Property, plant and equipment".

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- A. As of December 31, 2021 and 2020, the remaining balance due for construction in progress was \$2,272 and \$9,006, respectively.
- B. As of December 31, 2021 and 2020, the unused letters of credit amounted to \$166,469 and \$170,109, respectively.
- C. Please refer to Note 6(10) 'Leasing agreements—lessor' for more information regarding operating lease agreements.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Group invested \$39,730 (US\$1,435 thousands, listed as "Financial assets at amortized cost-current") in bonds issued by Russia as of December 31, 2021. Due to the escalation of the Ukraine-Russia military conflict on February 24, 2022, various countries imposed economic sanctions against Russia. Based on the Group's assessment, restrictions of the economic sanctions to Russia's foreign exchange variation and financial controls would significantly increase credit risk on the Group's investment in bonds and might adversely affect the possibility of recovering the bonds.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 86,954	\$ 87,084
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	\$ 639	\$ 476
Financial assets at amortised cost		
Cash and cash equivalents	\$ 681,095	\$ 868,736
Financial assets at amortised cost	392,093	443,162
Notes receivable	380	687
Accounts receivable	1,145,171	1,028,273
Other receivables	71,751	91,195
Guarantee deposits paid	12,777	16,269
	<u>\$ 2,303,267</u>	<u>\$ 2,448,322</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ –	\$ 218
Financial liabilities at amortised cost		
Short-term borrowings	\$ 975,185	\$ 594,894
Short-term notes and bills payable	149,972	174,938
Notes payable	13,154	8,038
Accounts payable	347,395	326,624
Other payables	427,017	380,388
Lease liabilities (including current portion)	84,998	108,748
Guarantee deposits received	7,703	8,109
	<u>\$ 2,005,424</u>	<u>\$ 1,601,739</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under

policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2), 'Financial assets and liabilities at fair value through profit or loss'.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2) , 'Financial assets and liabilities at fair value through profit or loss'.
- iv. The Group's risk management policy is to take appropriate hedging against the expected future cash flow risk of major currencies (mainly the purchase of inventories denominated in USD), so as to reduce the risk exposure of major currencies.
- v. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

- vi. The Group's businesses involve some non-functional currency operations (the Group's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 49,530	27.68	\$1,370,990
RMB:NTD	19,719	4.344	85,660
IDR:USD	18,748,232	0.000070	36,369
VND:USD	9,311,065	0.000044	11,255
<u>Investment accounted for under equity method</u>			
USD:NTD	339	27.68	9,395
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	44,980	27.68	1,245,040
RMB:NTD	20,429	4.344	88,745
IDR:USD	46,177,878	0.000070	89,579
VND:USD	21,280,404	0.000044	25,722

	December 31, 2020		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 53,994	28.48	\$1,537,736
RMB:NTD	35,118	4.36	153,712
IDR:USD	7,543,387	0.000071	15,231
KHR:USD	558,751	0.000245	3,899
<u>Investment accounted for under equity method</u>			
USD:NTD	1,631	28.48	46,459
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	30,664	28.48	873,321
RMB:NTD	39,995	4.36	175,051
IDR:USD	39,609,675	0.000071	79,978
VND:USD	17,063,400	0.000043	20,723

Sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated/depreciated by 1% with all other variables held constant, post-tax profit would have increased/decreased by \$552 and \$5,615 for the years ended December 31, 2021 and 2020, respectively.

vii. The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group amounted to \$2,181 and (\$37,446) for the years ended December 31, 2021 and 2020, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit would have increased/decreased by \$870 and \$871 for the years ended December 31, 2021 and

2020, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have decreased/increased by \$6 and \$5, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk, partial interest rate risk is offset by cash and cash equivalents held at variable rates. The Group's borrowings issued at floating rates were mainly denominated in New Taiwan Dollars and US Dollars in 2021 and 2020.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, net of tax profit for the years ended December 31, 2021 and 2020 would have decreased/increased by \$63 and \$155, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- iii. The Group adopts management of credit risk, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- v. The Group classifies customer's accounts receivable in accordance with credit rating of customer, collaterals, credit risk on trade, etc. The Group applies the simplified approach using the provision matrix, loss rate methodology to estimate expected credit loss. The Group uses the forecastability of conditions to adjust historical and timely

information to assess the default possibility of accounts receivable. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes receivable, accounts receivable and other receivables are as follows:

	<u>Expected loss rate</u>	<u>Book value</u>	<u>Allowance</u>
<u>At December 31, 2021</u>			
Individual D	0.00%	\$ 56,640	\$ -
Group A	0.24%	<u>1,092,841</u>	<u>4,310</u>
Total		<u>\$ 1,149,481</u>	<u>\$ 4,310</u>
<u>At December 31, 2020</u>			
Individual A	39.15%	\$ 95,693	\$ 37,459
Individual B	14.55%	183,274	26,672
Individual C	67.97%	13,980	9,503
Individual D	74.35%	67,813	50,418
Group A	0.07%	<u>792,252</u>	<u>-</u>
Total		<u>\$ 1,153,012</u>	<u>\$ 124,052</u>

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
At January 1	\$ 124,052	\$ -
Expected credit losses	7,044	124,052
Transferred to income (listed as "Other income")	(989)	-
Write-offs	<u>(125,797)</u>	<u>-</u>
At December 31	<u>\$ 4,310</u>	<u>\$ 124,052</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group Finance Department. Group's Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- ii. Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to the Group's Finance Department. Group's Finance Department invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Floating rate:		
Expiring within one year	<u>\$ 3,304,520</u>	<u>\$ 3,608,673</u>

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for nonderivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

<u>December 31, 2021</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 976,683	\$ -	\$ -	\$ -
Short-term notes and bills payable	150,000	-	-	-
Notes payable	13,154	-	-	-
Accounts payable	347,395	-	-	-
Other payables	425,727	1,290	-	-
Lease liabilities	28,513	51,284	13,038	-
Guarantee deposits received	-	7,703	-	-
<u>December 31, 2020</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$595,996	\$ -	\$ -	\$ -
Short-term notes and bills payable	175,000	-	-	-
Notes payable	8,038	-	-	-
Accounts payable	326,624	-	-	-
Other payables	379,061	1,327	-	-
Lease liabilities	27,566	55,120	35,209	3,498
Guarantee deposits received	-	8,109	-	-
Derivative financial liabilities:				
Forward foreign exchange contracts	218	-	-	-

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

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in forward exchange contract is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and investment property is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(11), 'Investment property-net'.

C. The carrying amounts of the Group's financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short term borrowings, short -term notes and bills payable, notes payable, accounts payable, other payables, and guarantee deposits received are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 86,954	\$ 86,954
Financial assets at fair value through other comprehensive income				
Equity securities	<u>639</u>	<u>-</u>	<u>-</u>	<u>639</u>
	<u>\$ 639</u>	<u>\$ -</u>	<u>\$ 86,954</u>	<u>\$ 87,593</u>

<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 87,084	\$ 87,084
Financial assets at fair value through other comprehensive income				
Equity securities	<u>476</u>	<u>-</u>	<u>-</u>	<u>476</u>
	<u>\$ 476</u>	<u>\$ -</u>	<u>\$ 87,084</u>	<u>\$ 87,560</u>
Financial liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contract	<u>\$ -</u>	<u>\$ 218</u>	<u>\$ -</u>	<u>\$ 218</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1).
- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market
- iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitized instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions
- v. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing

models. Forward exchange contracts are usually valued based on the current forward exchange rate.

- vi. The market approach (Price-to-Book Ratio, P/B ratio) and asset approach (net book value adjustment) are used by the Group to measure its certain equity investment without active market, which is calculating the ratio of recent identical or similar transaction price to book as an observable input to project the fair value of the disposal group.
- (c) For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2, and there was no transfer into or out from Level 3.
- (d) The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

<u>For the year end December 31,2021</u>	Equity securities (Note)	Derivative financial instruments	Total
At January 1	\$ 87,084	\$ -	\$ 87,084
Proceeds from capital reduction	(130)	-	(130)
At December 31	<u>\$ 86,954</u>	<u>\$ -</u>	<u>\$ 86,954</u>

<u>For the year end December 31,2020</u>	Equity securities (Note)	Derivative financial instruments	Total
At January 1	\$ 87,237	(\$ 10,023)	\$ 77,214
Gain on recognized in profit or loss	-	10,023	10,023
Proceeds from capital reduction	(153)	-	(153)
At December 31	<u>\$ 87,084</u>	<u>\$ -</u>	<u>\$ 87,084</u>

(Note) There is no adjustment of equity securities in Level 3 for the years ended December 31, 2021 and 2020 because the fair value change was insignificant.

- (e) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 92,894	The market approach (Price-to-Book Ratio)/Asset method (net book value adjustment)	Discount for lack of marketability / Discount for lack of control	30%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value.

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 89,089	The market approach (Price-to-Book Ratio)/Asset method (net book value adjustment)	Discount for lack of marketability / Discount for lack of control	30%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value.

(f) The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

		December 31, 2021					
				Recognized in profit or loss		Recognized in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Discount for lack of marketability for lack of control and discount		±10%	\$ 8,428	(\$ 8,428)	\$ -	\$ -
		December 31, 2020					
				Recognized in profit or loss		Recognized in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Discount for lack of marketability for lack of control and discount		±10%	\$ 8,526	(\$ 8,526)	\$ -	\$ -

(4) Other information

Due to the impact of the Covid-19 pandemic and the government's multiple pandemic prevention measures, the Group has implemented measures related to work place sanitation management, continued to manage related matters and implemented a staggered work schedule to operate all its plants in compliance with the "Guidelines for Enterprise Planning of Business Continuity in Response to the Coronavirus Disease 2019 (COVID-19)" of the Republic of China (R.O.C.). There were no significant adverse effects on various operations. However, the Group is a multinational corporation and some overseas subsidiaries were impacted by the Covid-19. There were losses on work stoppages amounting to \$13,167 (listed as 'Operating costs' and 'General and administrative expenses') arising from the multiple pandemic prevention measures taken by local governments such as Cambodia and Vietnam. Currently, each overseas subsidiary has gradually resumed to work and the Group has also reduced the cancellation of orders by coordinating with its customers to defer the delivery. In addition, being impacted by the Covid-19 pandemic, certain accounts receivable amounting to \$125,383 were provisioned for impairment for the year ended December 31, 2020. In the first quarter of 2021, the amount was fully written-off as it was unlikely to be recovered based on the assessment.

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2021.

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital or more: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: All transactions had been cleared.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (excluding investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the reportable operating segments based on information provided to the Group's chief operating decision-maker in order to make strategic decisions. The Group's chief operating decision-maker manages the business from an entity's perspective.

(2) Measurement of segment information

The chief operating decision-maker, evaluates the performance of the operating segments based on a measure of income before tax; this measure excludes the impact of non-recurring receipts and payments in operating segments. The accounting policies of the operating segment are the same as

the summary of the significant accounting policies described in Note 4, 'SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES'.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31, 2021		
	Garment production	Investment	Total
Segment revenue	\$ 9,045,283	\$ -	\$ 9,045,283
Inter-segment revenue	(3,283,807)	-	(3,283,807)
Revenue from external customers	5,761,476	-	5,761,476
Interest income	-	23,611	23,611
Depreciation and amortisation	137,650	-	137,650
Financial costs	8,498	3,941	12,439
Segment income (loss) before tax	(166,347)	39,689	(126,658)
Segment assets	4,270,610	942,634	5,213,244
Segment liabilities	1,270,318	889,172	2,159,490

	Year ended December 31, 2020		
	Garment production	Investment	Total
Segment revenue	\$ 9,628,890	\$ -	\$ 9,628,890
Inter-segment revenue	(3,658,350)	-	(3,658,350)
Revenue from external customers	5,970,540	-	5,970,540
Interest income	-	37,828	37,828
Depreciation and amortisation	144,788	-	144,788
Financial costs	14,553	9,629	24,182
Segment income (loss) before tax	(349,345)	(31,400)	(380,745)
Segment assets	3,897,970	1,140,904	5,038,874
Segment liabilities	1,095,152	663,723	1,758,875

(4) Reconciliation for segment income (loss), assets and liabilities

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income, and the divisional income amounts provided to the chief operating decision maker are measured in accordance with the Group's consolidated financial statements and therefore do not require reconciliation.

(5) Information on products and services

Revenue from external customers is mainly from the production and sales of garment, the design, development, production, and sales of self-owned brands, and the provision of processing and business consulting services, as well as the agency of other internationally well-known brands.

Details of revenue are as follows:

	For the years ended December 31,	
	2021	2020
Garment foundry and sales revenue	\$ 5,715,698	\$ 5,937,857
Service revenue	45,778	32,683
	<u>\$ 5,761,476</u>	<u>\$ 5,970,540</u>

(6) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	For the years ended December 31,			
	2021		2020	
	Revenue	Non-current assets	Revenue	Non-current assets
United States	\$ 3,878,344	\$ -	\$ 4,186,732	\$ -
Canada	569,439	-	540,459	-
Japan	749,132	-	752,567	-
China	71,541	41,371	81,802	38,485
Taiwan	105,129	549,405	140,168	560,734
Cambodia	45,775	185,923	32,365	190,323
Vietnam	602	300,032	-	324,677
Indonesia	22	252,449	465	318,461
Others	341,492	636	235,982	1,035
	<u>\$ 5,761,476</u>	<u>\$ 1,329,816</u>	<u>\$ 5,970,540</u>	<u>\$ 1,433,715</u>

(7) Major customer information

The details of the Group's major customers whose revenue from a single customer in 2021 and 2020 has reached more than 10% of the revenue on the consolidated comprehensive income statement are as follows:

	For the years ended December 31,			
	2021		2020	
Customer name	Net Operating Revenue	%	Net Operating Revenue	%
Customer B	\$ 991,317	17	\$ 736,355	12
Customer D	948,723	16	606,731	10
Customer G	755,090	13	733,193	12
Customer E	701,468	12	1,141,800	19
Customer F	584,715	10	428,759	7
Customer A	314,063	5	1,267,995	21

Tainan Enterprises Co., Ltd. and Subsidiaries

Loans to others

For the year ended December 31, 2021

Table 1

Expressed in thousands of NTD

Number	Name	Name of counterparty	Account	Related parties	Maximum balance	Ending balance	Actual amount drawn down	Interest rate	Nature of financial activity	Total transaction amount	Reason for financing	Allowance for doubtful accounts		Loan limit per entity (Note 2)	Maximum amount available for loan (Note 2)	Footnote	
												Item	Value				
0	Tainan Enterprises Co., Ltd.	Tainan Enterprises (Vietnam) Co., Ltd.	Other receivables	Y	\$ 249,120	\$ 193,760	\$ 116,256	0~2.5%	(Note 1)	\$ -	Financing use	\$ -	-	\$ -	\$ 916,126	\$ 916,126	-
1	Tainan Enterprise (BVI) Co., Limited	TAI NAN ENTERPRISES (CAMBODIA) CO., LTD.	Other receivables	Y	41,520	41,520	41,520	-	(Note 1)	-	Financing use	-	-	-	972,736	972,736	-
		PT. ANDALAN MANDIRI BUSANA	Other receivables	Y	179,920	152,240	119,024	-	(Note 1)	-	Financing use	-	-	-	972,736	972,736	-
		Tainan Enterprises (Vietnam) Co., Ltd.	Other receivables	Y	110,720	110,720	110,720	-	(Note 1)	-	Financing use	-	-	-	972,736	972,736	-
		YONG JENG INTERNATIONAL CO., LTD.	Other receivables	Y	83,040	69,200	56,663	4%	(Note 1)	-	Financing use	-	-	-	364,776	364,776	-

Note 1: Nature of loans to others is filled for short-term financing.

Note 2: In accordance with the provisions of the operating procedures for loaning to others, the calculation of the capital loan limit of individual objects and the total limit of capital loan is as follows:

1. Loan total limit: 40% of the net worth in the most recent financial report, but only if financing is necessary, 30% of the net worth in the most recent financial report.

2. Limit for a single company

(1) Trading partner: each company does not exceed the amount of business transactions.

(2) Short-term financing: each company does not exceed 30% net worth of its most recent financial report.

(3) Capital loans to foreign companies of the Republic of China that directly or indirectly hold 100% of the voting shares by the same parent company shall not exceed 80% of the net worth of the company's most recent financial report.

(4) In the case of (1) and (2) above, the limit shall be calculated in combination, but shall not exceed the total limit of loans.

Note 3: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd. and Subsidiaries

Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures)

December 31, 2021

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account (Note 1)	Ending balance				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Tainan Enterprises Co., Ltd.	Bonds:							
	DEUTSCHE BANK AG 3.6615% DUE 10 APR 2025, etc.	—	2	-	\$ 30,230	-	\$ 30,230	—
	Stocks:							
	EUROC VENTURE CAPITAL CORP.	—	3	2	129	0.25%	129	—
	SPLENDOR ACTIVEWEAR CO., LTD.	—	3	10	-	17.86%	-	—
	KOCHE DEVELOPMENT CO., LTD.	Substantive related parties	3	4,888	60,939	13.58%	61,293	—
	KOCHE GLOBAL CO., LTD.	Substantive related parties	3	4,270	25,886	10.42%	31,472	—
	DELTAMAC (TAIWAN) CO., LTD.	—	4	40	639	0.11%	639	—
Tainan Enterprise (BVI) Co., Limited	Bonds:							
	SBERBANK 5.125% DUE 29 OCT 2022	—	1	-	39,730	-	39,730	—
	BANCO DO BRASIL SA 4.625% DUE 15 JAN 2025, etc.	—	2	-	322,133	-	322,133	—
	Stocks:							
	NETSOL TECH-NOLOGIES INC.	—	3	44	-	0.27%	-	—

Note 1: There are four types of account items as follows:

1. Financial assets at amortized cost - current
2. Financial assets at amortized cost - non-current
3. Financial assets at fair value through profit or loss - non-current
4. Financial assets at fair value through comprehensive income - non-current

Note 2: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd. and Subsidiaries

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more

For the year ended December 31, 2021

Table 3

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Tainan Enterprises Co., Ltd.	P.T.Tainan Enterprises Indonesia	Subsidiary	Purchases	\$ 1,249,510	36%	(Note 1)	\$ -	-	(\$ 118,159)	(32%)	-
P.T.Tainan Enterprises Indonesia	Tainan Enterprises Co., Ltd.	The Company	(Sales)	(1,249,510)	(100%)	(Note 1)	-	-	118,159	99%	-

Note 1: Receipt and payment terms for purchases and sales to related parties is closes its accounts in 4 months.

Note 2: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:27.68).

Tainan Enterprises Co., Ltd. and Subsidiaries

Receivables from related parties reaching \$100 million or 20% of paid-in capital or more

December 31, 2021

Table 4

Expressed in thousands of NTD

Company Name	Counterparty	Relationship with the counterparty	Receivable from relatal party			Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			Items	Amount	Turnover rate	Amount	Action taken		
Tainan Enterprises Co., Ltd.	Tainan Enterprises (Vietnam) Co., Ltd.	Subsidiary	Other receivables	\$ 116,256	—	\$ -	—	\$ 41,520	\$ -
P.T.Tainan Enterprises Indonesia	Tainan Enterprises Co., Ltd.	The Company	Accounts receivable	118,159	8.01	-	—	118,159	-
Tainan Enterprise (BVI) Co., Limited	PT. ANDALAN MANDIRI BUSANA	Subsidiary	Other receivables	119,024	—	-	—	-	-
Tainan Enterprise (BVI) Co., Limited	Tainan Enterprises (Vietnam) Co., Ltd.	Subsidiary	Other receivables	110,720	—	-	—	-	-

Note : The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2021

Table 5

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transactions			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Tainan Enterprises Co., Ltd.	P.T.Tainan Enterprises Indonesia	1	Purchases	\$ 1,249,510	Closes its accounts 4 months after the end of each transaction	22%
			1	Accounts payable	118,159	—	2%
			1	Services revenue	60,367	—	1%
		PT. ANDALAN MANDIRI BUSANA	1	External processing cost	381,858	—	7%
			1	Services revenue	41,518	—	1%
			1	Other payables	89,142	—	2%
		TAI NAN ENTERPRISES (CAMBODIA) CO., LTD.	1	External processing cost	736,978	—	13%
			1	Services revenue	65,880	—	1%
			1	Prepayments	48,458	—	1%
		Tainan Enterprises (Vietnam) Co., Ltd.	1	External processing cost	260,937	—	5%
			1	Services revenue	25,118	—	—
			1	Other receivables	116,256	—	2%
			1	Other payables	48,349	—	1%
		Yixing Gaoqing Garments Co., Ltd.	1	External processing cost	307,779	—	5%
			1	Services revenue	25,609	—	—
			1	Other payables	88,743	—	2%
		Gin-Sovann Fashion (Cambodia) Limited.	1	External processing cost	201,367	—	3%
			1	Services revenue	18,783	—	—
			1	Prepayments	44,056	—	1%
1	Tainan Enterprise (BVI) Co., Limited	TAI NAN ENTERPRISES (CAMBODIA) CO., LTD.	3	Other receivables	41,520	—	1%
		PT. ANDALAN MANDIRI BUSANA	3	Other receivables	119,024	—	2%
2	Beyoung Fashion Co., Ltd.	Tainan Enterprises (Vietnam) Co., Ltd.	3	Other receivables	110,720	—	2%
		Gin-Sovann Fashion (Cambodia) Limited.	3	External processing cost	137,430	—	2%
			3	Prepayments	22,767	—	—

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) The company to subsidiary.
- (2) Subsidiary to the company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Significant inter-company transactions during the reporting periods are not disclosed since these were corresponding transactions.

Note 5: The disclosure standard for important transactions is more than NT\$10 million.

Note 6: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd.

Names, locations and other information of investee companies (excluding investees in Mainland China)

For the year ended December 31, 2021

Table 6

Expressed in thousands of NTD

Investor	Investee	Location	Main business	Original investment amount		Shares held as at December 31, 2021			Net income (loss) of the investee	Investment income (loss) recognized by the Company	Note
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Tainan Enterprises Co., Ltd.	Tainan Enterprise (BVI) Co., Limited	British Virgin Islands	Professional investments	\$ 517,058	\$ 517,058	\$ 170,000	100.00	\$ 1,218,510	(\$ 42,633)	\$ 44,322	Subsidiary
	P.T. Tainan Enterprises Indonesia	Indonesia	Garment processing, production and selling	64,446	64,446	2,400,000	100.00	288,219	(20,777)	(20,777)	Subsidiary
	PT. ANDALAN MANDIRI BUSANA	Indonesia	Garment processing, production and selling	182,024	182,024	6,000	100.00	116,140	1,105	1,105	Subsidiary
	TAI NAN ENTERPRISE (CAMBODIA) CO., LTD	Cambodia	Garment processing, production and selling	29,585	29,585	1,000	100.00	24,210	(96,906)	(96,944)	Subsidiary
	Tainan Enterprises (Vietnam) Co., Ltd.	Vietnam	Garment processing, production and selling	319,090	319,090	-	100.00	117,360	(15,442)	(15,442)	Subsidiary
	Fortune International Co., Ltd.	Taiwan	Garment and cloth selling and trading service	-	3,000	-	-	-	(2)	(2)	Subsidiary (Note 1)
	Beyoung Fashion Co., Ltd.	Taiwan	Garment processing, production and selling	141,742	141,742	5,050,000	100.00	20,330	850	850	Subsidiary
	New Premium Enterprise Co., Ltd.	Samoa	Professional investments	123,525	157,137	5,000,000	50.00	9,395	(5,147)	(2,573)	Joint venture (Note 2)
Tainan Enterprise (BVI) Co., Limited	T&G FASHION CO., LTD.	Seychelles	Professional investments	108,500	108,500	3,300,000	100.00	9,997	(18,798)	-	Subsidiary (Note 3)
	Tainan Enterprise (Cayman) Co., Limited	Cayman Islands	Professional investments	194,623	194,623	4,336,515	13.39	61,840	104,735	-	Subsidiary (Note 3)
T&G FASHION CO., LTD.	Gin-Sovann Fashion (Cambodia) Limited.	Cambodia	Garment processing, production and selling	27,680	27,680	-	100.00	(20,602)	(18,362)	-	Subsidiary (Note 3)
	CAMITEX (CAMBODIA) MFG CO LTD.	Cambodia	Garment processing, production and selling	16,971	16,971	100	100.00	(738)	-	-	Subsidiary (Note 3)
	Golden Harbor Garment (Cambodia) Limited.	Cambodia	Garment processing, production and selling	-	-	-	100.00	(118)	-	-	Subsidiary (Note 3)
											Subsidiary (Note 4)

Note 1: The liquidation had been completed in the second quarter of 2021.

Note 2: The investee returned proceeds from shares in advance as the Board of Directors resolved to shut down its subsidiary in the second quarter of 2021. The amount will be settled after the subsidiary is liquidated and dissolved.

Note 3: According to regulations, the amount of investment (loss) recognized in the current period may be exempted from disclosure.

Note 4: The subsidiary has ceased business and was pending for liquidation process.

Note 5: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd. and Subsidiaries
Information on investments in Mainland China—Basic information
For the year ended December 31, 2021

Table 7

Expressed in thousands of NTD

Investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Yixing Gaoqing Garments Co., Ltd.	Garment processing, production and selling	\$ 124,560	(Note 1)	\$ 83,040	\$ -	\$ -	\$ 83,040	(\$ 51,047)	100%	(\$ 51,047)	\$ 156,159	\$ -	(Note 3)
Zhoukou Tainan Garment Co., Ltd.	Garment processing, production and selling	138,400	(Note 1)	-	-	-	-	-	100%	-	3,840	-	(Note 4) (Note 5)
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA									
Tainan Enterprises Co., Ltd.	\$ 267,142	\$ 1,076,715		(Note 6)									

Note 1: Indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.

Note 2: Investment gains or losses were recognized based on audited financial statements.

Note 3: Among them, \$41,520 (USD1,500 thousand dollars) was indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.

Note 4: Indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.

Note 5: The subsidiary has ceased business and was pending for liquidation process.

Note 6: Enterprises that have been approved by the Ministry of Economic Affairs to operate their headquarters are not subject to monetary or proportional limits.

Note 7: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd. and Subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2021

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing					
	Amount	%	Amount	%	Balance at December 31, 2021	%	Balance at December 31, 2021	Purpose	Maximum balance during the year ended December 31, 2021	Balance at December 31, 2021	Interest rate	Interest during the year ended December 31, 2021	Others (Note)	
Yixing Gaoqing Garments Co., Ltd.	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	-	\$ -	-	External process cost \$ 307,779 Service revenue \$ 25,609 Other payables \$ 88,743

Note: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2021

Table 9

Expressed in shares

Name of the key shareholder	Number of shares		Ownership (%)	Note
	Common stock	Preferred stock		
KOCHE GLOBAL CO., LTD.	12,660,000	—	8.60%	—
CMC Magnetics Co., Ltd.	12,261,000	—	8.33%	—
CHC International Investment Corporation	9,521,000	—	6.47%	—

Note: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the difference in the calculation basis.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying parent company only balance sheets of Tainan Enterprises Co., Ltd. (the "Company") as of December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other auditors (refer to Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company, in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming

our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2021 parent company only financial statements of the current period are stated as follows:

Cut-off of operating revenue from export sales

Description

Refer to Notes 4(28) and 6(19) for the accounting policy and the details of revenue. Exports sales comprise a significant portion of the Company's revenues, which are recognized base on the terms and the conditions of the transaction agreed with the customer. As the revenue recognition process involves manual process and judgements, there exists a risk of material misstatement that may arise from improper timing in revenue recognition for transactions that occur near the balance sheet date. Thus, we considered the cut-off of operating revenue from export sales a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding and assessed the accounting policies on revenue recognition.
2. Confirmed the completeness of the sales revenue transaction details for the export sales in a certain period before or after the balance sheet date and performed cut-off tests on a sampling basis to inspect the supporting documents (including confirming transaction conditions, checking orders, shipping documents, export declarations and bills of lading, etc.) to ascertain whether sales revenue was recognized in the proper period.

Other matter –Report of other auditors

We did not audit the financial statements of certain investments accounted for under equity method that are included in the parent company only financial statements. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the parent company only financial statements and the information disclosed relative to these investments, is based solely on the audit reports of other auditors. The balance of these investments accounted for under equity method amounted to \$61,840 thousands and \$48,832 thousands, both representing 1% of the related totals as of December 31, 2021 and 2020, and the share of profit or loss amounted to \$13,811 thousands and \$5,812 thousands, constituting (7%) and (1%) of the comprehensive income for the years then ended, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards 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 generally accepted auditing standards 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 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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Tien, Chung-Yu



Independent Accountants

Lin, Tzu-Shu



PricewaterhouseCoopers, Taiwan

Republic of China

March 22, 2022


TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
 (Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 212,173	4	\$ 292,991	6
1136	Financial assets at amortized cost - current	6(3)	-	-	38,026	1
1150	Notes receivable, net	6(4)	380	-	378	-
1170	Accounts receivable, net	6(4) and 7	1,097,887	23	988,125	21
1200	Other receivables		2,183	-	5,623	-
1210	Other receivables - related parties	7	117,724	2	231,300	5
1220	Current income tax assets	6(26)	207	-	447	-
130X	Inventories	6(5)	745,330	16	441,495	9
1410	Prepayments	7	121,089	3	14,921	-
11XX	Total current assets		<u>2,296,973</u>	<u>48</u>	<u>2,013,306</u>	<u>42</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	5(2) and 6(2)	86,954	2	87,084	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	639	-	476	-
1535	Financial assets at amortised cost - non-current	6(3)	30,230	1	30,421	1
1550	Investments accounted for under equity method	6(7) and 7	1,794,164	37	2,074,043	43
1600	Property, plant and equipment	6(8) and 8	385,909	8	390,816	8
1760	Investment property, net	6(10)	134,633	3	136,549	3
1780	Intangible assets	6(11)	15,731	-	19,761	-
1840	Deferred income tax assets	6(26)	46,701	1	44,100	1
1915	Prepayments for equipment	6(8)(11)	1,528	-	1,994	-
1920	Guarantee deposits paid		186	-	186	-
1990	Other non-current assets		9,924	-	10,436	-
15XX	Total non-current assets		<u>2,506,599</u>	<u>52</u>	<u>2,795,866</u>	<u>58</u>
1XXX	Total assets		<u>\$ 4,803,572</u>	<u>100</u>	<u>\$ 4,809,172</u>	<u>100</u>

(Continued)


TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
 (Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12) and 8	\$ 834,707	17	\$ 488,280	10
2110	Short-term notes and bills payable	6(13)	149,972	3	174,938	4
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	218	-
2130	Contract liabilities - current	6(19)	7,474	-	8,035	-
2150	Notes payable		8,447	-	5,108	-
2170	Accounts payable		243,406	5	212,069	5
2180	Accounts payable - related parties	7	118,159	3	193,917	4
2200	Other payables		111,889	2	91,521	2
2220	Other payables - related parties	7	226,234	5	298,421	6
2310	Advance receipts		384	-	384	-
21XX	Total current liabilities		<u>1,700,672</u>	<u>35</u>	<u>1,472,891</u>	<u>31</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(26)	39,742	1	39,742	1
2640	Net defined benefit liabilities - non-current	6(14)	9,073	-	16,209	-
2645	Guarantee deposits received		331	-	331	-
25XX	Total non-current liabilities		<u>49,146</u>	<u>1</u>	<u>56,282</u>	<u>1</u>
2XXX	Total liabilities		<u>1,749,818</u>	<u>36</u>	<u>1,529,173</u>	<u>32</u>
Equity						
Share capital						
3110	Common stock	6(15)	1,471,535	31	1,471,535	31
3200	Capital surplus	6(7)(16)	845,412	17	874,643	17
Retained earnings 6(17)						
3310	Legal reserve		766,835	16	766,835	16
3320	Special reserve		162,805	3	63,280	1
3350	Unappropriated retained earnings		41,921	1	289,174	6
3400	Other equity interest	6(6)(7)(18)	(212,091)	(4)	(162,805)	(3)
3500	Treasury stocks	6(15)	(22,663)	-	(22,663)	-
3XXX	Total equity		<u>3,053,754</u>	<u>64</u>	<u>3,279,999</u>	<u>68</u>
Contingent Liabilities and Commitments 9						
3X2X	Total liabilities and equity		<u>\$ 4,803,572</u>	<u>100</u>	<u>\$ 4,809,172</u>	<u>100</u>

Chairman :



General Manager :



Accounting officer manager :





TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
 (Expressed in thousands of New Taiwan dollars, except for loss per share data)

Year ended December 31

Items	Notes	2021		2020	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19) and 7	\$ 5,599,470	100	\$ 5,907,901	100
5000 Operating costs	6(5)(14)(24)(25) and 7	(5,100,360)	(91)	(5,514,472)	(93)
5900 Net operating margin		499,110	9	393,429	7
Operating expenses	6(10)(11)(14)(24)(25), 7 and 12				
6100 Selling expenses		(183,973)	(4)	(160,383)	(3)
6200 General and administrative expenses		(206,324)	(4)	(199,392)	(4)
6300 Research and development expenses		(70,672)	(1)	(72,960)	(1)
6450 Expected credit losses		(7,044)	-	(124,052)	(2)
6000 Total operating expenses		(468,013)	(9)	(556,787)	(10)
6900 Operating profit (loss)		31,097	-	(163,358)	(3)
Non-operating income and expenses					
7100 Interest income	6(3)(20) and 7	4,384	-	12,670	-
7010 Other income	6(9)(10)(21) and 7	10,346	-	14,219	-
7020 Other gains and losses	6(2)(3)(7)(22)(24) and 12	205	-	(96,944)	(1)
7050 Finance costs	6(23)	(6,208)	-	(16,116)	-
7070 Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	6(7)	(178,105)	(3)	(135,592)	(2)
7000 Total non-operating income and expenses		(169,378)	(3)	(221,763)	(3)
7900 Loss before income tax		(138,281)	(3)	(385,121)	(6)
7950 Income tax benefit	6(26)	3,177	-	26,515	-
8200 Loss for the year		<u>(\$ 135,104)</u>	<u>(3)</u>	<u>(\$ 358,606)</u>	<u>(6)</u>
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311 Actuarial gains (losses) on defined benefit plan	6(14)	\$ 3,927	-	(\$ 5,944)	-
8316 Unrealized gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(6)(18)	163	-	(94)	-
8330 Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for under equity method - will not be reclassified to profit or loss	6(7)	(16,376)	-	(1,406)	-
8349 Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(26)	(786)	-	1,189	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations	6(7)(18)	(48,852)	(1)	(95,669)	(2)
8380 Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method - will be reclassified to profit or loss	6(7)(18)	14	-	(160)	-
8300 Total other comprehensive loss for the year		<u>(\$ 61,910)</u>	<u>(1)</u>	<u>(\$ 102,084)</u>	<u>(2)</u>
8500 Total comprehensive loss for the year		<u>(\$ 197,014)</u>	<u>(4)</u>	<u>(\$ 460,690)</u>	<u>(8)</u>
Loss per share (in dollars)					
9750 Basic	6(27)	(\$ 0.92)		(\$ 2.45)	
9850 Diluted		(\$ 0.92)		(\$ 2.45)	

Chairman :

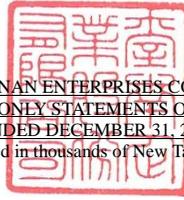


General Manager :



Accounting officer manager :





TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings				Other equity interest			Treasury stocks	Total equity
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		
Year ended December 31, 2020										
Balance at January 1, 2020		\$ 1,471,535	\$ 880,971	\$ 758,787	\$ 3,979	\$ 790,765	(\$ 63,372)	\$ 92	(\$ 22,663)	\$ 3,820,094
Net loss for the year ended December 31, 2020		-	-	-	-	(358,606)	-	-	-	(358,606)
Other comprehensive loss for the year ended December 31, 2020	6(7)(18)	-	-	-	-	(2,559)	(95,829)	(3,696)	-	(102,084)
Total comprehensive loss for the year ended December 31, 2020		-	-	-	-	(361,165)	(95,829)	(3,696)	-	(460,690)
Distribution of 2019 net income:										
Legal reserve		-	-	8,048	-	(8,048)	-	-	-	-
Special reserve		-	-	-	59,301	(59,301)	-	-	-	-
Cash dividends	6(17)	-	-	-	-	(73,077)	-	-	-	(73,077)
Adjustment for change in capital surplus of investee companies	6(7)(16)	-	(1,604)	-	-	-	-	-	-	(1,604)
Difference between the acquisition price and carrying amounts of subsidiaries	6(7)(16)	-	(4,724)	-	-	-	-	-	-	(4,724)
Balance at December 31, 2020		\$ 1,471,535	\$ 874,643	\$ 766,835	\$ 63,280	\$ 289,174	(\$ 159,201)	(\$ 3,604)	(\$ 22,663)	\$ 3,279,999
Year ended December 31, 2021										
Balance at January 1, 2021		\$ 1,471,535	\$ 874,643	\$ 766,835	\$ 63,280	\$ 289,174	(\$ 159,201)	(\$ 3,604)	(\$ 22,663)	\$ 3,279,999
Net loss for the year ended December 31, 2021		-	-	-	-	(135,104)	-	-	-	(135,104)
Other comprehensive loss for the year ended December 31, 2021	6(7)(18)	-	-	-	-	(12,624)	(48,838)	(448)	-	(61,910)
Total comprehensive loss for the year ended December 31, 2021		-	-	-	-	(147,728)	(48,838)	(448)	-	(197,014)
Distribution of 2020 net income:										
Special reserve		-	-	-	99,525	(99,525)	-	-	-	-
Cash distribution from capital surplus	6(16)	-	(29,231)	-	-	-	-	-	-	(29,231)
Balance at December 31, 2021		\$ 1,471,535	\$ 845,412	\$ 766,835	\$ 162,805	\$ 41,921	(\$ 208,039)	(\$ 4,052)	(\$ 22,663)	\$ 3,053,754

Chairman :



General Manager :



Accounting officer manager :





TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 138,281)	(\$ 385,121)
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets and liabilities at fair value through profit or loss	6(22)	(218)	(9,805)
Loss on disposal of investments		-	1,016
Expected credit losses (including listed as "Other income")	12	6,055	124,052
Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	6(7)	178,105	135,592
Impairment loss on investments accounted for under equity method	6(7)(22)	-	49,970
Depreciation	6(8)(10)(24)	12,814	12,510
Loss on disposal of property, plant and equipment	6(22)	105	192
Loss on disposal of investment property	6(22)	3	3
Amortisation	6(11)(24)	7,219	6,073
Dividend income	6(21)	-	(8)
Interest income	6(20)	(4,384)	(12,670)
Interest expense	6(23)	6,208	16,116
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(2)	(335)
Accounts receivable		(115,817)	(43,240)
Other receivables		2,029	(2,593)
Other receivables - related parties		2,833	(3,973)
Inventories		(303,835)	(98,853)
Prepayments		(106,168)	(2,799)
Changes in operating liabilities			
Contract liabilities - current		(561)	(6,867)
Notes payable		3,339	(400)
Accounts payable		31,337	33,902
Accounts payable - related parties		(75,758)	(25,730)
Other payables		20,471	(10,647)
Other payables - related parties		(72,187)	(977)
Advance receipts		-	354
Net defined benefit liabilities - non-current		(3,209)	(5,232)
Cash (outflow) inflow generated from operations		(549,902)	(74,048)
Dividends received		-	72,138
Interest received		7,802	12,632
Interest paid		(5,985)	(17,395)
Income tax received		30	-
Income tax paid		-	(14,602)
Net cash flows (used in) from operating activities		(548,055)	(126,821)

(Continued)


TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in financial assets at amortised cost		\$ 38,217	\$ 103,054
Decrease in other receivables - related parties		108,736	134,835
Return from capital reduction of financial assets at fair value through profit or loss	12	130	153
Acquisition of investments accounted for under equity method	6(7)	-	(52,500)
Return capital in advance from investments accounted for under equity method	6(7)	33,612	-
Proceeds from liquidation of investments accounted for under equity method	6(7)	2,948	-
Cash paid for acquisition of property, plant and equipment	6(28)	(4,397)	(8,992)
Cash paid for investment property	6(10)	-	(1,540)
Acquisition of intangible assets	6(11)	(3,189)	(4,565)
Increase in prepayments for equipment		(1,528)	(1,994)
Decrease in other non-current assets		512	64
Net cash flows from investing activities		<u>175,041</u>	<u>168,515</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(29)	774,707	438,280
Repayments of short-term borrowings	6(29)	(428,280)	(578,664)
Increase in short-term notes and bills payable	6(29)	-	175,000
Decrease in short-term notes and bills payable	6(29)	(25,000)	(100,000)
Decrease in guarantee deposit received	6(29)	-	(4)
Cash distribution from capital surplus	6(16)	(29,231)	-
Payment of cash dividends	6(17)	-	(73,077)
Net cash flows from (used in) financing activities		<u>292,196</u>	<u>(138,465)</u>
Net (decrease) increase in cash and cash equivalents		(80,818)	156,871
Cash and cash equivalents at beginning of year	6(1)	<u>292,991</u>	<u>136,120</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 212,173</u>	<u>\$ 292,991</u>

Chairman :



General Manager :



Accounting officer manager :



TAINAN ENTERPRISES CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

1. HISTORY AND ORGANIZATION

(1) Tainan Enterprises Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other relevant laws and regulations in August 1961. The Company is primarily engaged in manufacturing, retail and export various of apparels (including woven and knitted garments).

(2) The common shares of the Company had been listed on the Taipei Exchange since April 1999, and have been transferred to be listed on the Taiwan Stock Exchange since September 2000.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 22, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board (“IASB”)</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

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

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date 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, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value

through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, ‘CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY’.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

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

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

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All foreign exchange gains and losses are presented in the parent company only statement of comprehensive income within ‘other gains and losses’.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be

sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within 12 months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction

costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

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

(9) Inventories

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

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(11) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant

increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

(13) Leasing arrangements (lessor) — operating leases

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

(14) Investments accounted for under equity method / subsidiaries, associates and joint ventures

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

C. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.

D. As long as the change in shareholding in the subsidiaries does not lead to loss of control (transactions with non-controlling interest), it is to be treated as equity transaction that is to be treated as transactions between the owners. The difference between non-controlling equity adjustment amount and the fair value of payment and receipt is to be recognized as equity.

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

F. Associates are all entities over which the Company has significant influence but not control. In

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

impairment loss, all such losses shall be recognized immediately. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

M. According to "Regulations Governing the Preparation of Financial Statements by Securities Issuers", "Profit for the year" and "Other comprehensive income for the year" reported in an entity's parent company only statement of comprehensive income, shall equal to "profit for the year" and "Other comprehensive income" attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

(15) Property, plant and equipment

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

Assets	Useful lives
Buildings (including accessory equipment)	9 ~ 55 years
Machinery equipment	3 ~ 5 years
Utilities equipment	5 ~ 10 years
Transportation equipment	4 ~ 5 years
Office equipment	3 ~ 5 years

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost

model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 18 ~ 55 years.

(17) Intangible assets

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

(18) Impairment of non-financial assets

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

(19) Borrowings

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

(20) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(21) Notes and accounts payable

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

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

(22) Derecognition of financial liabilities

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

(23) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to

settle on a net basis or realize the asset and settle the liability simultaneously.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

C. Employees' compensation and directors' and supervisors' remuneration

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

(25) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions

where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only 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 nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(26) Share capital

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

(27) Dividends

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

(28) Revenue recognition

A. Sales of goods

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

B. Service revenue

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

(29) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

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

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

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

None.

(2) Critical accounting estimates and assumptions

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

A. The fair value of unlisted stocks held by the Company that are not traded in an active market is

determined considering those companies' financial information, operational planning or prediction of future application. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the financial instruments fair value information.

B. As of December 31, 2021, the carrying amount of unlisted stocks without active market was \$86,954.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash:		
Cash on hand	\$ 250	\$ 250
Checking accounts and demand deposits	<u>159,795</u>	<u>214,831</u>
	<u>160,045</u>	<u>215,081</u>
Cash equivalents:		
Time deposits	<u>52,128</u>	<u>77,910</u>
	<u>\$ 212,173</u>	<u>\$ 292,991</u>

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

B. The Company has no cash and cash equivalents pledged to others as of December 31, 2021 and 2020.

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

<u>Assets</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	<u>\$ 86,954</u>	<u>\$ 87,084</u>
<u>Liabilities</u>		
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivatives - forward foreign exchange contracts	<u>\$ -</u>	<u>\$ 218</u>

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

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Financial assets and liabilities mandatorily measured at fairvalue through profit or loss	<u>(\$ 896)</u>	<u>(\$ 13,091)</u>

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

Derivative instruments	December 31, 2020	
	Contract amount (notional principal in thousands)	Contract period
Forward foreign exchange selling contracts	USD 2,000	Dec., 2020 ~ March, 2021

None of above situation in 2021.

The Company entered into forward foreign exchange contracts to hedge exchange rate risk of operating activities' proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Company has no financial assets at fair value through profit or loss pledged to others as of December 31, 2021 and 2020.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2), 'Financial instruments'.

(3) Financial assets at amortized cost

	December 31, 2021	December 31, 2020
Current items:		
Bonds	\$ -	\$ 38,026
Non-current items:		
Bonds	\$ 30,230	\$ 30,421

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

	For the years ended December 31,	
	2021	2020
Interest income	\$ 1,539	\$ 4,858
Loss on disposal of investment	-	(1,016)
	\$ 1,539	\$ 3,842

B. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Company were approximately equal to its carrying amounts.

C. The Company has no financial assets at amortized cost pledged to others as of December 31, 2021 and 2020.

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

(4) Notes and accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	\$ 380	\$ 378
Accounts receivable	\$ 1,102,197	\$ 1,112,177
Less: Allowance for uncollectible accounts (Note)	(4,310)	(124,052)
	<u>\$ 1,097,887</u>	<u>\$ 988,125</u>

Note: The uncollectible accounts have been written-off for the three months ended March 31, 2021.

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

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 380	\$ 1,073,106	\$ 378	\$ 926,253
Up to 30 days	-	9,953	-	21,628
31 to 90 days	-	3,192	-	10,465
Over 91 days	-	15,946	-	153,831
	<u>\$ 380</u>	<u>\$ 1,102,197</u>	<u>\$ 378</u>	<u>\$ 1,112,177</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$1,155,460.

C. The Company does not hold any collateral pledged for notes and accounts receivable as of December 31, 2021 and 2020.

D. The Company has no notes and accounts receivable pledged to others as of December 31, 2021 and 2020.

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

(5) Inventories

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 365,577	\$ -	\$ 365,577
Work in progress	379,753	-	379,753
	<u>\$ 745,330</u>	<u>\$ -</u>	<u>\$ 745,330</u>

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 111,855	\$ -	\$ 111,855
Work in progress	329,640	-	329,640
	<u>\$ 441,495</u>	<u>\$ -</u>	<u>\$ 441,495</u>

The cost of inventories recognized as expense:

	For the years ended December 31,	
	2021	2020
Cost of goods sold	\$ 5,106,391	\$ 5,520,814
Income from sale of scrap	(6,031)	(6,342)
	<u>\$ 5,100,360</u>	<u>\$ 5,514,472</u>

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

Items	December 31, 2021	December 31, 2020
Equity instruments		
Listed stocks	1,452	1,452
Valuation adjustment	(813)	(976)
	<u>\$ 639</u>	<u>\$ 476</u>

A. The Company has elected to classify equity investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$639 and \$467 as of December 31, 2021 and 2020, respectively.

B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2021	2020
Fair value change	\$ 163	(\$ 94)

C. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was the book value.

D. The Company has no financial assets at fair value through other comprehensive income pledged to others as of December 31, 2021 and 2020.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2), 'Financial instruments'.

(7) Investments accounted for under equity method

A. Movements of investments accounted for under equity method:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
At January 1	\$ 2,074,043	\$ 2,391,434
Acquisition of investments accounted for under equity method	-	52,500
Return capital in advance from liquidation of investments accounted for under equity method	(2,948)	-
Proceeds from liquidation of investments accounted for under equity method	(33,612)	-
Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	(178,105)	(135,592)
Share of other comprehensive loss of associates and joint ventures accounted for under equity method	(16,362)	(1,566)
Dividends received from investments of associates and joint ventures accounted for under equity method	-	(72,130)
Changes in equity of investment of associates and joint ventures accounted for under equity method	-	(1,604)
Exchange differences on translation of foreign financial statements	(48,852)	(95,669)
Impairment loss recognized in investments accounted for under equity method	-	(49,970)
Difference between the acquisition price and carrying amount of subsidiaries	-	(4,724)
Credit balance of investments transferred from other non-current liabilities	-	(8,636)
At December 31	<u>\$ 1,794,164</u>	<u>\$ 2,074,043</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	\$ 1,784,769	\$ 2,027,584
Joint ventures	<u>9,395</u>	<u>46,459</u>
	<u>\$ 1,794,164</u>	<u>\$ 2,074,043</u>

C. Subsidiaries

- (a) For more information regarding the subsidiaries of the Company, please refer to Note 4(3) “Basis of consolidation” of the Company and subsidiaries’ consolidated financial statements of 2021
- (b) The Company acquired 30% of the share capital of the subsidiary, Beyoung Fashion Co., Ltd., for \$2,500 from the non-controlling interest shareholders in the fourth quarter of 2020. After Beyoung Fashion Co., Ltd. became a wholly-owned subsidiary of the Company, it reduced its capital to offset accumulated deficits amounting to \$80,311 and increased its

capital amounting to \$50,000 as resolved by the Board of Directors in the fourth quarter of 2020.

- (c) The subsidiary of the Company, Fortune International Co., Ltd., returned the Company's remaining capital amounting to \$2,948 on May 19, 2021 after the liquidation and dissolution procedures had been completed.

D. Joint venture

- (a) In the fourth quarter of 2020, the Board of Directors resolved to shut down JEI JOM Enterprise Co., Ltd., a subsidiary of the Company's joint venture, New Premium Enterprise Co., Ltd. The Company recognized an impairment loss of \$49,970 (shown as other gains and losses) for the year ended December 31, 2020.
 - (b) The Company's joint venture, New Premium Enterprise Co., Ltd., returned capital from liquidation amounting to \$33,612 in advance in the second quarter of 2021 due to the liquidation and dissolution of its subsidiary. The amount will be settled after the subsidiary is liquidated and dissolved. However, the liquidation and dissolution process has not yet been completed as of December 31, 2021.
- E. As of December 31, 2021 and 2020, the Company has no investment accounted for under equity method pledged to others as collateral.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Utilities equipment</u>	<u>Transportation and office equipment</u>	<u>Total</u>
<u>January 1, 2021</u>						
Cost	\$ 258,971	\$ 242,638	\$ 10,675	\$ 243	\$ 32,475	\$ 545,002
Accumulated depreciation	-	(128,116)	(5,650)	(157)	(20,263)	(154,186)
	<u>\$ 258,971</u>	<u>\$ 114,522</u>	<u>\$ 5,025</u>	<u>\$ 86</u>	<u>\$ 12,212</u>	<u>\$ 390,816</u>
<u>For the year ended December 31, 2021</u>						
At January 1	\$ 258,971	\$ 114,522	\$ 5,025	\$ 86	\$ 12,212	\$ 390,816
Additions	-	648	1,666	-	1,791	4,105
Transferred from prepayment for equipment	-	1,994	-	-	-	1,994
Depreciation	-	(5,452)	(1,729)	(36)	(3,684)	(10,901)
Disposals - cost	-	(6,010)	(2,053)	-	(3,097)	(11,160)
- accumulated depreciation	-	6,004	1,975	-	3,076	11,055
At December 31	<u>\$ 258,971</u>	<u>\$ 111,706</u>	<u>\$ 4,884</u>	<u>\$ 50</u>	<u>\$ 10,298</u>	<u>\$ 385,909</u>
<u>December 31, 2021</u>						
Cost	\$ 258,971	\$ 239,270	\$ 10,288	\$ 243	\$ 31,169	\$ 539,941
Accumulated depreciation	-	(127,564)	(5,404)	(193)	(20,871)	(154,032)
	<u>\$ 258,971</u>	<u>\$ 111,706</u>	<u>\$ 4,884</u>	<u>\$ 50</u>	<u>\$ 10,298</u>	<u>\$ 385,909</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Utilities equipment</u>	<u>Transportation and office equipment</u>	<u>Total</u>
<u>January 1, 2020</u>						
Cost	\$ 258,971	\$ 242,828	\$ 12,208	\$ 243	\$ 23,986	\$ 538,236
Accumulated depreciation	-	(122,759)	(5,830)	(121)	(17,287)	(145,997)
	<u>\$ 258,971</u>	<u>\$ 120,069</u>	<u>\$ 6,378</u>	<u>\$ 122</u>	<u>\$ 6,699</u>	<u>\$ 392,239</u>
<u>For the year ended December 31, 2020</u>						
At January 1	\$ 258,971	\$ 120,069	\$ 6,378	\$ 122	\$ 6,699	\$ 392,239
Additions	-	-	530	-	8,854	9,384
Depreciation	-	(5,544)	(1,697)	(36)	(3,338)	(10,615)
Disposals - cost	-	(190)	(2,063)	-	(365)	(2,618)
- accumulated depreciation	-	187	1,877	-	362	2,426
At December 31	<u>\$ 258,971</u>	<u>\$ 114,522</u>	<u>\$ 5,025</u>	<u>\$ 86</u>	<u>\$ 12,212</u>	<u>\$ 390,816</u>
<u>December 31, 2020</u>						
Cost	\$ 258,971	\$ 242,638	\$ 10,675	\$ 243	\$ 32,475	\$ 545,002
Accumulated depreciation	-	(128,116)	(5,650)	(157)	(20,263)	(154,186)
	<u>\$ 258,971</u>	<u>\$ 114,522</u>	<u>\$ 5,025</u>	<u>\$ 86</u>	<u>\$ 12,212</u>	<u>\$ 390,816</u>

- A. The Company's property, plant and equipment are all occupied by the owner for operating purpose as of December 31, 2021 and 2020.
- B. The Company has not capitalised any interest for the years ended December 31, 2021 and 2020.
- C. Please refer to Note 8, 'Pledged assets' for information on the Company's property, plant and equipment that were pledged as collateral as at December 31, 2021 and 2020.

(9) Leasing arrangements – lessor

- A. The Company leases various assets including investment property. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.
- B. For the years ended December 31, 2021 and 2020, the Company recognized rent income in the amounts of \$2,703 and \$2,767, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Within 1 year	\$ 2,280	\$ 2,261
1 ~ 5 years	1,724	2,684
Over 5 years	<u>481</u>	<u>601</u>
	<u>\$ 4,485</u>	<u>\$ 5,546</u>

(10) Investment property - net

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>January 1, 2021</u>			
Cost	\$ 95,130	\$ 70,162	\$ 165,292
Accumulated depreciation	<u>–</u>	<u>(28,743)</u>	<u>(28,743)</u>
	<u>\$ 95,130</u>	<u>\$ 41,419</u>	<u>\$ 136,549</u>
<u>For the year ended December 31, 2021</u>			
At January 1	\$ 95,130	\$ 41,419	\$ 136,549
Depreciation	–	(1,913)	(1,913)
Disposals - cost	–	(534)	(534)
- accumulated depreciation	<u>–</u>	<u>531</u>	<u>531</u>
At December 31	<u>\$ 95,130</u>	<u>\$ 39,503</u>	<u>\$ 134,633</u>
<u>December 31, 2021</u>			
Cost	\$ 95,130	\$ 69,628	\$ 164,758
Accumulated depreciation	<u>–</u>	<u>(30,125)</u>	<u>(30,125)</u>
	<u>\$ 95,130</u>	<u>\$ 39,503</u>	<u>\$ 134,633</u>

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>January 1, 2020</u>			
Cost	\$ 95,130	\$ 69,058	\$ 164,188
Accumulated depreciation	-	(27,281)	(27,281)
	<u>\$ 95,130</u>	<u>\$ 41,777</u>	<u>\$ 136,907</u>
<u>For the year ended December 31, 2020</u>			
At January 1	\$ 95,130	\$ 41,777	\$ 136,907
Additions	-	1,540	1,540
Depreciation	-	(1,895)	(1,895)
Disposals - cost	-	(436)	(436)
- accumulated depreciation	-	433	433
At December 31	<u>\$ 95,130</u>	<u>\$ 41,419</u>	<u>\$ 136,549</u>
<u>December 31, 2020</u>			
Cost	\$ 95,130	\$ 70,162	\$ 165,292
Accumulated depreciation	-	(28,743)	(28,743)
	<u>\$ 95,130</u>	<u>\$ 41,419</u>	<u>\$ 136,549</u>

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

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Rental income from investment property (listed as "Other income")	<u>\$ 2,546</u>	<u>\$ 2,551</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 1,913</u>	<u>\$ 1,895</u>

B. The fair value of the investment property held by the Company as of December 31, 2021 and 2020 was \$412,147 and \$355,967, respectively. Valuations were made based on most recent transaction prices of similar and comparable properties and official price, which is categorised within Level 2 in the fair value hierarchy.

C. The Company has not capitalized any interest for the years ended December 31, 2021 and 2020.

D. The Company has no investment property pledged to others as of December 31, 2021 and 2020.

(11) Intangible assets

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>January 1, 2021</u>		
Cost	\$ 26,731	\$ 20,593
Accumulated amortization	(6,970)	(2,276)
	<u>\$ 19,761</u>	<u>\$ 18,317</u>
<u>For the year ended December 31, 2021</u>		
At January 1	\$ 19,761	\$ 18,317
Additions — acquired separately	3,189	4,565
Reclassifications (Note)	—	2,952
Amortization	(7,219)	(6,073)
Disposals - cost	(900)	(1,379)
- accumulated amortization	900	1,379
At December 31	<u>\$ 15,731</u>	<u>\$ 19,761</u>
<u>December 31, 2021</u>		
Cost	\$ 29,020	\$ 26,731
Accumulated amortization	(13,289)	(6,970)
	<u>\$ 15,731</u>	<u>\$ 19,761</u>

Note: Transferred from prepayment for equipment.

A. The Company has not capitalised any borrowing costs for the years ended December 31, 2021 and 2020.

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

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
General and administrative expenses	<u>\$ 7,219</u>	<u>\$ 6,073</u>

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured bank borrowings	<u>\$ 834,707</u>	0.43%-0.90%	None
<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured bank borrowings	<u>\$ 488,280</u>	0.81%-1.10%	None

Please refer to Note 6(23), “Finance costs” for more information about interest expense recognized by the Company for the years ended December 31, 2021 and 2020.

(13) Short-term notes and bills payable

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Commercial paper payable	\$ 150,000	0.91%~0.92%	None
Less: Unamortized discount	(28)		
	<u>\$ 149,972</u>		

<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Commercial paper payable	\$ 175,000	0.92%~0.97%	None
Less: Unamortized discount	(62)		
	<u>\$ 174,938</u>		

A. The above commercial papers were issued and secured by China Bills Finance Co., Ltd., etc., for short-term capital financing.

B. Please refer to Note 6(23), "Finance costs" for more information about interest expense recognized by the Company for the years ended December 31, 2021 and 2020.

(14) Pensions

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	(\$ 81,021)	(\$ 97,769)
Fair value of plan assets	<u>71,948</u>	<u>81,560</u>
Net defined benefit liabilities	<u>(\$ 9,073)</u>	<u>(\$ 16,209)</u>

(b) Movements in present value of defined benefit obligations are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1, 2021	(\$ 97,769)	\$ 81,560	(\$ 16,209)
Current service cost	(342)	-	(342)
Interest (expense) income	(294)	245	(49)
	<u>(98,405)</u>	<u>81,805</u>	<u>(16,600)</u>
Remeasurements:			
Return on plan assets	-	1,233	1,233
Change in demographic assumptions	(58)	-	(58)
Change in financial assumptions	2,569	-	2,569
Experience adjustments	183	-	183
	<u>2,694</u>	<u>1,233</u>	<u>3,927</u>
Pension fund contribution	-	3,600	3,600
Paid pension	14,690	(14,690)	-
At December 31, 2021	<u>(\$ 81,021)</u>	<u>\$ 71,948</u>	<u>(\$ 9,073)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1, 2020	(\$ 91,651)	\$ 76,154	(\$ 15,497)
Current service cost	(360)	-	(360)
Interest (expense) income	(641)	533	(108)
	<u>(92,652)</u>	<u>76,687</u>	<u>(15,965)</u>
Remeasurements:			
Return on plan assets	-	2,521	2,521
Change in financial assumptions	(3,133)	-	(3,133)
Experience adjustments	(5,332)	-	(5,332)
	<u>(8,465)</u>	<u>2,521</u>	<u>(5,944)</u>
Pension fund contribution	-	5,700	5,700
Paid pension	3,348	(3,348)	-
At December 31, 2020	<u>(\$ 97,769)</u>	<u>\$ 81,560</u>	<u>(\$ 16,209)</u>

- (c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its

minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Discount rate	0.07%	0.03%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience according to Taiwan Life Insurance Industry 6th and 5th Mortality Table for the years ended December 31, 2021 and 2020, respectively.

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 1,506)	\$ 1,555	\$ 1,338	(\$ 1,306)
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 1,977)	\$ 2,044	\$ 1,766	(\$ 1,721)

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

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

(e) Expected contributions to the defined benefit pension plan of the Company for the next year amount to \$3,600.

(f) As of December 31, 2021, the weighted average duration of the retirement plan is 8 years.

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2021 and 2020 were \$11,766 and \$12,402, respectively.

(15) Share capital

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

(Units: in thousand shares)

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Beginning and ending balance	<u>146,154</u>	<u>146,154</u>

B. As of December 31, 2021, the Company’s authorized capital was \$2,000,000 (including \$100,000 thousand shares reserved for employee stock options) and paid-in capital was \$1,471,535, consisting of 147,154 thousand shares of ordinary stock with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.

C. Treasury shares

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

	<u>For the year ended December 31, 2021</u>			
	<u>Beginning</u>			<u>Ending</u>
<u>Reason for reacquisition</u>	<u>Balance</u>	<u>Additions</u>	<u>Decrease</u>	<u>Balance</u>
To be reissued to employees	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>

	<u>For the year ended December 31, 2020</u>			
	<u>Beginning</u>			<u>Ending</u>
<u>Reason for reacquisition</u>	<u>Balance</u>	<u>Additions</u>	<u>Decrease</u>	<u>Balance</u>
To be reissued to employees	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company’s issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. The balance of treasury shares after reacquisition and reissue to employees of the Company for the years ended December 31, 2021 and 2020 was both \$22,663.

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

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to

For the year ended December 31, 2020	Share premium	Difference between the acquisition or disposal price and carrying amount of subsidiaries	Changes in ownership interests in subsidiaries	Change in net equity of subsidiaries, associates and joint ventures accounted for under equity method	Expired employee stock option	Others	Total
At January 1	\$785,295	\$ 26,499	\$ 46,042	\$ 12,809	\$1,252	\$9,074	\$880,971
Transactions with non-controlling interests of subsidiaries	-	(4,724)	-	-	-	-	(4,724)
Adjustment for change in capital surplus of investee companies (note)	-	(1,609)	-	5	-	-	(1,604)
At December 31	<u>\$785,295</u>	<u>\$ 20,166</u>	<u>\$ 46,042</u>	<u>\$ 12,814</u>	<u>\$1,252</u>	<u>\$9,074</u>	<u>\$874,643</u>

Note: Refers to the difference between consideration and carrying amount arising from equity transactions between the subsidiary, Tainan Enterprise (BVI) Co., Limited, and the non-controlling interest shareholders of the second-tier subsidiary and the expired portion of cash capital increase reserved for employee preemption of the subsidiary, Beyoung Fashion Co., Ltd., which the Company recognized in proportion to its ownership.

C. The Company recognized the cash disbursement from capital surplus as \$29,231 (\$0.2 (in dollars) per share) in 2021. On March 22, 2022 the Board and Directors proposed for the distribution of dividends from the capital surplus in the amount of \$14,615 (\$0.1 (in dollars) per share).

(17) Retained earnings

- A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations. The remainder, if any, shall be the current distributable earnings. The current distributable earnings along with the unappropriated earnings in the prior year shall be the

accumulated distributable earnings which shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders. The Company's dividend policy shall take into account current and future development plan, investment environment, capital needs, domestic and foreign competition, and capital budget, etc. along with shareholders' interests. Each year, at least 30% of the current distributable earnings shall be appropriated as dividends. The dividends can be distributed in the form of cash or shares and cash dividends shall account for at least 10% of the total dividends distributed.

- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. For the years ended December 31, 2021 and 2020, the Company recognized cash dividends distributed to owners amounting to \$— and \$73,077 (\$0.5 (in dollars) per share), respectively. On March 22, 2022, the Board of Directors proposed not to distribute from 2021 earnings except setting aside special surplus reserve in the amount of \$41,919.

(18) Other equity items

For the year ended December 31, 2021	Currency translation difference	Financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 159,201)	(\$ 3,604)	(\$ 162,805)
Currency translation differences:			
–Company	(48,852)	–	(48,852)
–Subsidiaries	14	–	14
Unrealized valuation profit or loss of financial assets at fair value through other comprehensive income			
–Company	–	163	163
–Subsidiaries	–	(611)	(611)
At December 31	(\$ 208,039)	(\$ 4,052)	(\$ 212,091)

For the year ended December 31, 2020	Currency translation difference	Financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 63,372)	\$ 92	(\$ 63,280)
Currency translation differences:			
–Company	(95,669)	–	(95,669)
–Subsidiaries	(160)	–	(160)
Unrealized valuation profit or loss of financial assets at fair value through other comprehensive income			
–Company	–	(94)	(94)
–Subsidiaries	–	(3,602)	(3,602)
At December 31	<u>(\$ 159,201)</u>	<u>(\$ 3,604)</u>	<u>(\$ 162,805)</u>

(19) Operating revenue

A. The Company derives revenue from the transfer of goods and services over time and at a point in time, and mainly come from various products of apparels and consultation services.

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Timing of revenue recognition		
At a point in time		
Sales revenue	\$ 5,362,192	\$ 5,649,700
Over time		
Services revenue	<u>237,278</u>	<u>258,201</u>
	<u>\$ 5,599,470</u>	<u>\$ 5,907,901</u>

B. The Company has recognized the following revenue-related contract liabilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Contract liabilities - current	<u>\$ 7,474</u>	<u>\$ 8,035</u>	<u>\$ 1,168</u>
Revenue recognized that was included in the contract liability balance at the beginning of the year - receipts in advance	<u>\$ 8,035</u>	<u>\$ 1,168</u>	

(20) Interest income

	For the years ended December 31,	
	2021	2020
Interest income from bank deposits	\$ 1,912	\$ 751
Interest income from financial assets measured at amortised cost	1,539	4,858
Others	933	7,061
	<u>\$ 4,384</u>	<u>\$ 12,670</u>

(21) Other income

	For the years ended December 31,	
	2021	2020
Rental income	\$ 2,703	\$ 2,767
Government grants income	1,730	1,010
Dividend income	-	8
Others	5,913	10,434
	<u>\$ 10,346</u>	<u>\$ 14,219</u>

(22) Other gains and losses

	For the years ended December 31,	
	2021	2020
Net gains on financial assets and liabilities at fair value through profit or loss	\$ 218	\$ 9,805
Net currency exchange gain (loss)	3,122	(29,959)
Loss on disposal of investments	(1,114)	(24,730)
Net loss on disposal of property, plant and equipment	(105)	(192)
Net loss on disposal of investment property	(3)	(3)
Impairment loss	-	(49,970)
Other losses	(1,913)	(1,895)
	<u>\$ 205</u>	<u>(\$ 96,944)</u>

(23) Finance costs

	For the years ended December 31,	
	2021	2020
Interest expense: Bank borrowings	<u>\$ 6,208</u>	<u>\$ 16,116</u>

(24) Expenses by nature

	For the year ended December 31, 2021		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expenses	\$ 36,818	\$ 274,084	\$ 310,902
Depreciation charges on property, plant and equipment	1,200	9,701	10,901
Depreciation charges on investment property (note)	-	1,913	1,913
Amortisation charges on intangible assets	-	7,219	7,219
	<u>\$ 38,018</u>	<u>\$ 292,917</u>	<u>\$ 330,935</u>

	For the year ended December 31, 2020		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expenses	\$ 32,784	\$ 269,100	\$ 301,884
Depreciation charges on property, plant and equipment	1,200	9,415	10,615
Depreciation charges on investment property (note)	-	1,895	1,895
Amortisation charges on intangible assets	-	6,073	6,073
	<u>\$ 33,984</u>	<u>\$ 286,483</u>	<u>\$ 320,467</u>

Note: shown as 'other gains and losses'.

(25) Employee benefit expense

	For the year ended December 31, 2021		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 30,780	\$ 236,298	\$ 267,078
Labor and health insurance expenses	3,312	22,812	26,124
Pension costs	1,100	11,057	12,157
Other personnel expenses	1,626	3,917	5,543
	<u>\$ 36,818</u>	<u>\$ 274,084</u>	<u>\$ 310,902</u>

	For the year ended December 31, 2020		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 27,440	\$ 230,128	\$ 257,568
Labor and health insurance expenses	2,942	22,955	25,897
Pension costs	990	11,880	12,870
Other personnel expenses	1,412	4,137	5,549
	<u>\$ 32,784</u>	<u>\$ 269,100</u>	<u>\$ 301,884</u>

- A. For the years ended December 31, 2021 and 2020, the average number of employees of the Company were 437 and 467 employees, respectively, including 8 non-employee directors for both years.
- B. The average employee benefit expenses per employee were \$725 and \$658, while average wages and salaries per employee were \$623 and \$561 for the years ended December 31, 2021 and 2020, respectively. The average wages and salaries for the year ended December 31, 2021 increased approximately by 11.05% compared to the year ended December 31, 2020.
- C. Since the Company has set up an audit committee, there was no supervisors' remuneration for the years ended December 31, 2021 and 2020.
- D. In accordance with the Articles of Incorporation of the Company and relevant internal management regulations, for remuneration of directors and managerial officers, the remuneration committee of the Company shall evaluate performance assessments and compensation levels of directors and managerial officers by taking into account the general pay levels in the industry and the reasonableness of the correlation between the individual's performance, the Company's operational performance and future risk exposure; compensation of employees was set according to personal ability, participation and value of contribution in the Company's operations and has positive correlations to operation performance.
- E. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' remuneration.
- F. The Company did not accrue employees' compensation and directors' remuneration as it incurred a loss for the year ended December 31, 2021. According to the resolution of the Board of Directors on March 23, 2021, the Company did not accrue employees' compensation and directors' remuneration as it incurred a loss for the year ended December 31, 2020. The resolution was in agreement with those amounts recognized in the 2020 financial statements. Information about employees' compensation and directors' and supervisors' remuneration of the Company as proposed by the Board Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax benefit

(a) Components of income tax benefit:

	For the years ended December 31,	
	2021	2020
Current income tax:		
Income tax incurred in current year	\$ 518	\$ 2,394
(Over) under provision of prior year's income tax payable	(308)	7,921
	<u>210</u>	<u>10,315</u>
Deferred income tax:		
Origination and reversal of temporary differences	(3,387)	(36,830)
Income tax benefit	<u>(\$ 3,177)</u>	<u>(\$ 26,515)</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2021	2020
Remeasurement on defined benefit obligations	<u>\$ 786</u>	<u>(\$ 1,189)</u>

B. Reconciliation between income tax benefit and accounting loss:

	For the years ended December 31,	
	2021	2020
Tax calculated based on loss before tax and statutory tax rate	(\$ 27,656)	(\$ 77,024)
Effect from items disallowed by tax regulation	24,977	42,590
Effect from tax exempt income by tax regulation	(190)	(2)
(Over) under provision of prior year's income tax payable	(308)	7,921
Income tax benefit	<u>(\$ 3,177)</u>	<u>(\$ 26,515)</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

For the year ended December 31, 2021

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Unused compensated absences	\$ 1,891	\$ 9	\$ -	\$ 1,900
Pensions	4,950	(642)	(786)	3,522
Unrealized loss on currency exchange	3,134	1,404	-	4,538
Unrealized loss on investment	14,774	-	-	14,774
Tax losses	19,351	2,616	-	21,967
	<u>\$ 44,100</u>	<u>\$ 3,387</u>	<u>(\$ 786)</u>	<u>\$ 46,701</u>
Deferred tax liabilities:				
Temporary differences:				
Incremental tax on land revaluation	(\$ 33,178)	\$ -	\$ -	(\$ 33,178)
Unrealized gain on investment	(6,564)	-	-	(6,564)
	<u>(\$ 39,742)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 39,742)</u>
	<u>\$ 4,358</u>	<u>\$ 3,387</u>	<u>(\$ 786)</u>	<u>\$ 6,959</u>

For the year ended December 31, 2020

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Unused compensated absences	\$ 1,703	\$ 188	\$ -	\$ 1,891
Pensions	4,807	(1,046)	1,189	4,950
Unrealized loss on currency exchange	3,592	(458)	-	3,134
Unrealized loss on investment	4,780	9,994	-	14,774
Tax losses	-	19,351	-	19,351
Investment tax credits	<u>\$ 14,882</u>	<u>\$ 28,029</u>	<u>\$ 1,189</u>	<u>\$ 44,100</u>

Deferred tax liabilities:				
Temporary differences:				
Incremental tax on land revaluation	(\$ 33,178)	\$ -	\$ -	(\$ 33,178)
Unrealized gain on investment income	(15,365)	8,801	-	(6,564)
	<u>(\$ 48,543)</u>	<u>\$ 8,801</u>	<u>\$ -</u>	<u>(\$ 39,742)</u>
	<u>(\$ 33,661)</u>	<u>\$ 36,830</u>	<u>\$ 1,189</u>	<u>\$ 4,358</u>

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2021				
Year incurred	Amount filed	Unused amount	Unrecognized deferred tax assets	Expiry year
2020	\$ 98,249	\$ 98,249	\$ -	2030
2021	11,584	11,584	-	2031
	<u>\$ 109,833</u>	<u>\$ 109,833</u>	<u>\$ -</u>	
December 31, 2020				
Year incurred	Amount filed	Unused amount	Unrecognized deferred tax assets	Expiry year
2020	<u>\$ 96,754</u>	<u>\$ 96,754</u>	<u>\$ -</u>	2030

E. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deductible temporary differences		
Unrealized loss on investment	\$ 1,150,385	\$ 972,332
Allowance for doubtful accounts that exceeded the allowable tax limit	<u>55,670</u>	<u>116,250</u>
	<u>\$ 1,206,055</u>	<u>\$ 1,088,582</u>

F. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority. There were no disputes existing between the Company and the Tax Authority as of March 22, 2022.

(27) Loss per share

	<u>Year ended December 31, 2021</u>		
	Weighted average number of ordinary shares outstanding		Loss per share
	<u>Amount after tax</u>	<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(<u>\$ 135,104</u>)	<u>146,154</u>	(<u>\$ 0.92</u>)
	<u>Year ended December 31, 2020</u>		
	Weighted average number of ordinary shares outstanding		Loss per share
	<u>Amount after tax</u>	<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(<u>\$ 358,606</u>)	<u>146,154</u>	(<u>\$ 2.45</u>)

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2021	2020
Acquisition of property, plant and equipment	\$ 4,105	\$ 9,384
Add: Beginning balance of payable for equipment (listed as "Other payables")	593	201
Less: Ending balance of payable for equipment (listed as "Other payables")	(301)	(593)
Cash paid for acquisition of property, plant and equipment	<u>\$ 4,397</u>	<u>\$ 8,992</u>

B. Operating and investing activities with no cash flow effects:

	For the years ended December 31,	
	2021	2020
(a) Write-off of allowance for doubtful accounts	<u>\$ 125,797</u>	<u>\$ -</u>
(b) Prepayments for equipment reclassified to property, plant and equipment	<u>\$ 1,994</u>	<u>\$ -</u>
(c) Prepayments for equipment reclassified to intangible assets	<u>\$ -</u>	<u>\$ 2,952</u>
(d) Prepayments for equipment reclassified to other non-current assets	<u>\$ -</u>	<u>\$ 1,536</u>

(29) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Guarantee deposits received	Total liabilities from financing activities
At January 1, 2021	\$ 488,280	\$ 174,938	\$ 331	\$ 663,549
Changes in cash flow from financing activities	346,427	(25,000)	-	321,427
Changes in other non-cash items	-	34	-	34
At December 31, 2021	<u>\$ 834,707</u>	<u>\$ 149,972</u>	<u>\$ 331</u>	<u>\$ 985,010</u>

	Short-term borrowings	Short-term notes and bills payable	Guarantee deposits received	Total liabilities from financing activities
At January 1, 2020	\$ 628,664	\$ 99,945	\$ 335	\$ 728,944
Changes in cash flow from financing activities	(140,384)	75,000	(4)	(65,388)
Changes in other non-cash items	-	(7)	-	(7)
At December 31, 2020	<u>\$ 488,280</u>	<u>\$ 174,938</u>	<u>\$ 331</u>	<u>\$ 663,549</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
P.T.Tainan Enterprises Indonesia	Subsidiary
Tainan Enterprises (Vietnam) Co., Ltd.	Subsidiary
PT. ANDALAN MANDIRI BUSANA	Subsidiary
TAI NAN ENTERPRISES (CAMBODIA) CO., LTD.	Subsidiary
Beyoung Fashion Co., Ltd.	Subsidiary
Yixing Gaoqing Garments Co., Ltd.	Subsidiary
Gin-Sovann Fashion (Cambodia) Limited.	Subsidiary
Tainan Enterprise (Cayman) Co., Ltd.	Associate
TONY WEAR (Shanghai) Fashion Co., Ltd.	Associate
New Premium Enterprise Co., Ltd.	Joint ventures
JEI JOM Enterprise Co., Ltd.	Joint ventures
Nelson Sport Co., Ltd.	Other related party

(2) Significant related party transactions

A. Operating revenue

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Sales of goods (note):		
P.T.Tainan Enterprises Indonesia	\$ 5,609	\$ 6,447
Beyoung Fashion Co., Ltd.	4,029	2,028
Subsidiaries	50	-
Other related parties	-	2,206
	<u>9,688</u>	<u>10,681</u>
Sales of services:		
TAI NAN ENTERPRISES (CAMBODIA) CO., LTD.	65,880	73,977
P.T.Tainan Enterprises Indonesia	60,367	71,916
PT. ANDALAN MANDIRI BUSANA	41,518	42,984
Yixing Gaoqing Garments Co., Ltd.	25,609	19,912
Tainan Enterprises (Vietnam) Co., Ltd.	25,118	26,073
Subsidiaries	18,783	21,773
Joint ventures	-	1,555
	<u>237,275</u>	<u>258,190</u>
	<u>\$ 246,963</u>	<u>\$ 268,871</u>

The collection period for related parties was 4 months after sales of goods, and for the third parties was 30 ~ 120 days after the end of each month. Except for the collection periods mentioned above, other terms of sales were the same for related and third parties.

Note: Sales of goods refer to export of materials purchased domestically to overseas plants. The

Company does not recognize the amount as sales revenue. Related costs and expenses are also not recorded as profit or loss of the Company.

B. Purchases

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Purchases of goods:		
P.T.Tainan Enterprises Indonesia	\$ 1,249,510	\$ 1,508,340

The terms of purchases and payments (due within 4 months) to related parties were the same with third party suppliers.

C. Processing cost of outsourcing

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
TAI NAN ENTERPRISES (CAMBODIA) CO., LTD.	\$ 736,978	\$ 946,309
PT. ANDALAN MANDIRI BUSANA	381,858	418,450
Yixing Gaoqing Garments Co., Ltd.	307,779	246,620
Tainan Enterprises (Vietnam) Co., Ltd.	260,937	279,090
Gin-Sovann Fashion (Cambodia) Limited.	201,367	147,164
	<u>\$ 1,888,919</u>	<u>\$ 2,037,633</u>

D. Other income

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
TONY WEAR (Shanghai) Fashion Co., Ltd.	\$ 2,187	\$ 2,267
Associates	228	228
Subsidiaries	54	96
	<u>\$ 2,469</u>	<u>\$ 2,591</u>

E. Investment transactions

The Company participated in the capital increase of the subsidiary, Beyoung Fashion Co., Ltd., in the amount of \$50,000.

F. Ending balance of sales of goods and services

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Accounts receivable:		
Subsidiaries	\$ 6,310	\$ 2,130

The receivables from related parties arise mainly from sale transactions and management service income. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

G. Ending balance of purchases of goods and services

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Accounts payable to related parties:		
Purchases of goods:		
P.T.Tainan Enterprises Indonesia	\$ 118,159	\$ 193,917
Purchases of services:		
PT. ANDALAN MANDIRI BUSANA	89,142	62,184
Yixing Gaoqing Garments Co., Ltd.	88,743	174,984
Tainan Enterprises (Vietnam) Co., Ltd.	48,349	27,318
TAINAN ENTERPRISES (CAMBODIA) CO., LTD.	-	31,270
Subsidiaries	-	2,262
	<u>\$ 226,234</u>	<u>\$ 298,018</u>

The payables to related parties arise mainly from purchase transactions and processing cost of outsourcing. The payables bear no interest.

H. Prepayments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
TAINAN ENTERPRISES (CAMBODIA) CO., LTD.	\$ 48,458	\$ -
Gin-Sovann Fashion (Cambodia) Limited	44,056	-
	<u>\$ 92,514</u>	<u>\$ -</u>

I. Ending balance of advance payments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable to related parties:		
PT. ANDALAN MANDIRI BUSANA	\$ 1,340	\$ 3,817
P.T.Tainan Enterprises Indonesia	128	484
	<u>\$ 1,468</u>	<u>\$ 4,301</u>
Accounts payable to related parties:		
Subsidiaries	\$ -	\$ 403

J. Loans to related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable to related parties:		
Tainan Enterprises (Vietnam) Co., Ltd. (Note)	\$ 116,256	\$ 226,999

The loans to associates are repayable over 1 years and the interest income was \$932 and \$3,084 for the years ended December 31, 2021 and 2020, respectively.

Note: The interest receivables from loans to related parties was \$— and \$2,007 as of December 31, 2021 and 2020, respectively.

(3) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	\$ 22,883	\$ 22,630
Post-employment benefits	643	663
	<u>\$ 23,526</u>	<u>\$ 23,293</u>

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>Purpose</u>
Land (Note)	\$ 92,549	\$ 92,549	Guarantee for short-term borrowings
Buildings and structures, net (Note)	36,962	36,566	Guarantee for short-term borrowings
	<u>\$ 129,511</u>	<u>\$ 129,115</u>	

Note: listed as "property, plant and equipment".

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2021 and 2020, the remaining balance due for construction in progress was \$2,272 and \$—, respectively.

(2) As of December 31, 2021 and 2020, the unused letters of credit amounted to \$102,369 and \$99,097, respectively.

(3) Please refer to Note 6(9), 'Leasing arrangements - lessor' for more information regarding operating lease agreements.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ <u>86,954</u>	\$ <u>87,084</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	\$ <u>639</u>	\$ <u>476</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 212,173	\$ 292,991
Financial assets at amortised cost	30,230	68,447
Notes receivable	380	378
Accounts receivable	1,097,887	988,125
Other receivables (including related parties)	119,907	236,923
Guarantee deposits paid	<u>186</u>	<u>186</u>
	<u>\$ 1,460,763</u>	<u>\$ 1,587,050</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ <u>-</u>	\$ <u>218</u>
Financial liabilities at amortised cost		
Short-term borrowings	\$ 834,707	\$ 488,280
Short-term notes and bills payable	149,972	174,938
Notes payable	8,447	5,108
Accounts payable (including related parties)	361,565	405,986
Other payables (including related parties)	338,123	389,942
Guarantee deposits received	<u>331</u>	<u>331</u>
	<u>\$ 1,693,145</u>	<u>\$ 1,464,585</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2), "Financial assets and liabilities at fair value through profit or loss".
- C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2), "Financial assets and liabilities at fair value through profit or loss".
- iv. The Company risk management policy is to hedge anticipated cash flows (mainly purchase of inventory that are priced in USD) in major foreign currency to reduce the risk position of major currencies.
- v. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Company's foreign operations is managed primarily through liabilities denominated in the relevant foreign currencies.
- vi. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 47,613	27.68	\$ 1,317,918
RMB:NTD	19,719	4.344	85,660
<u>Investment accounted for under equity method</u>			
USD:NTD	64,084	27.68	1,773,834
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	43,081	27.68	1,192,486
RMB:NTD	20,429	4.344	88,745
	December 31, 2020		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 52,245	28.48	\$ 1,487,949
RMB:NTD	35,118	4.377	153,712
<u>Investment accounted for under equity method</u>			
USD:NTD	72,037	28.48	2,051,613
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	29,151	28.48	830,232
RMB:NTD	39,995	4.377	175,051

Sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated or depreciated by 1% with all other variables held constant, post-tax profit would have increased/decreased by \$1,223 and \$6,364 for the years ended December 31, 2021 and 2020, respectively.

vii. The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company, amounted to \$3,122 and (\$29,959) for the years ended December 31, 2021 and 2020, respectively.

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had decreased/increased by 1% with all other variables held constant, post-tax profit would have decreased/increased by \$870 and \$871 for the years ended December 31, 2021 and 2020, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$6 and \$5, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

- i. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rate. During 2021 and 2020, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.
- ii. If the borrowing interest rate had increased/decreased by 1% or with all other variables held constant, profit, net of tax would have decreased/increased by \$50 and \$129 for the years ended December 31, 2021 and 2020, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
- ii. The Company manages its credit risk taking into consideration the entire entity's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their

new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Company adopts management of credit risk, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument.
- iv. The Company adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- v. The Company classifies customer's accounts receivable in accordance with credit rating of customer, collaterals, credit risk on trade, etc. The Company applies the simplified approach using the provision matrix, loss rate methodology to estimate expected credit loss. The Company uses the forecastability of conditions to adjust historical and timely information to assess the default possibility of accounts receivable. Movements in relation to the Company applying the simplified approach to provide loss allowance for notes receivable, accounts receivable and other receivables are as follows:

	<u>Expected loss rate</u>	<u>Book value</u>	<u>Allowance</u>
<u>At December 31, 2021</u>			
Individual D	0.00%	\$ 56,640	\$ -
Group A	0.41%	<u>1,045,557</u>	<u>4,310</u>
Total		<u>\$ 1,102,197</u>	<u>\$ 4,310</u>
<u>At December 31, 2020</u>			
Individual A	39.15%	\$ 95,693	\$ 37,459
Individual B	14.55%	183,274	26,672
Individual C	67.97%	13,980	9,503
Individual D	74.35%	67,813	50,418
Group A	0.07%	<u>751,417</u>	<u>-</u>
Total		<u>\$ 1,112,177</u>	<u>\$ 124,052</u>

vi. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
At January 1	\$ 124,052	\$ -
Provision for impairment	7,044	124,052
Transferred to income (listed as ‘Other income’)	(989)	-
Write-offs	(125,797)	-
At December 31	<u>\$ 4,310</u>	<u>\$ 124,052</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in operating entities of the Company and aggregated by the Company’s Finance Department. Company’s Finance Department monitors rolling forecasts of the Company’s liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- ii. Surplus cash held by the Company treasury over and above the balance required for working capital management are transferred to the Company’s treasury. Company’s treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.
- iii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Floating rate:		
Expiring within one year	<u>\$ 2,502,859</u>	<u>\$ 2,391,900</u>

- iv. The table below analyses the Company’s non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

December 31, 2021	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$835,905	\$ -	\$ -	\$ -
Short-term notes and bills payable	150,000	-	-	-
Notes payable	8,447	-	-	-
Accounts payable	243,406	-	-	-
Accounts payable - related parties	118,159	-	-	-
Other payables	111,889	-	-	-
Other payables - related parties	226,234	-	-	-
Guarantee deposit received	-	331	-	-
December 31, 2020	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$489,191	\$ -	\$ -	\$ -
Short-term notes and bills payable	175,000	-	-	-
Notes payable	5,108	-	-	-
Accounts payable	212,069	-	-	-
Accounts payable - related parties	193,917	-	-	-
Other payables	91,521	-	-	-
Other payables - related parties	298,421	-	-	-
Guarantee deposit received	-	331	-	-
Derivative financial liabilities:				
Forward foreign exchange contracts	218	-	-	-

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

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a

market in which transactions for the asset or liability take place with enough frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in forward exchange is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

- B. Fair value information of investment property at cost is provided in Note 6(10) "Investment property - net".
- C. The carrying amounts of the Company's financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables (including related parties), guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including related parties), other payables (including related parties) and guarantee deposits received are approximate to their fair values.
- D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:
- (a) The related information of the nature of the assets and liabilities are as follows:

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 86,954	\$ 86,954
Financial assets at fair value through other comprehensive income				
Equity securities	<u>639</u>	<u>-</u>	<u>-</u>	<u>639</u>
	<u>\$ 639</u>	<u>\$ -</u>	<u>\$ 86,954</u>	<u>\$ 87,593</u>

<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 87,084	\$ 87,084
Financial assets at fair value through other comprehensive income				
Equity securities	<u>476</u>	<u>-</u>	<u>-</u>	<u>476</u>
	<u>\$ 476</u>	<u>\$ -</u>	<u>\$ 87,084</u>	<u>\$ 87,560</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contract	<u>\$ -</u>	<u>\$ 218</u>	<u>\$ -</u>	<u>\$ 218</u>

(b) The methods and assumptions the Company used to measure fair value are as follows:

- i. The instruments the Company used market quoted prices (closing price of listed shares) as their fair values (that is, Level 1).
- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions.
- v. The valuation of derivative financial instruments is based on valuation model widely

accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

- vi. The market approach (Price-to-Book Ratio, P/B ratio) and asset approach (net book value adjustment) are used by the Company to measure its certain equity investment without active market, which is calculating the ratio of recent identical or similar transaction price to book as an observable input to project the fair value of the disposal group.
- (c) For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2, and there was also no transfer into or out from Level 3.
- (d) The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	Equity securities (Note)	Derivative financial instruments	Total
<u>For the year ended December 31, 2021</u>			
At January 1	\$ 87,084	\$ -	\$ 87,084
Proceeds from capital reduction	(130)	-	(130)
At December 31	<u>\$ 86,954</u>	<u>\$ -</u>	<u>\$ 86,954</u>
	Equity securities (Note)	Derivative financial instruments	Total
<u>For the year ended December 31, 2020</u>			
At January 1	\$ 87,237	(\$ 10,023)	\$ 77,214
Gain recognized in profit or loss	-	10,023	10,023
Proceeds from capital reduction	(153)	-	(153)
At December 31	<u>\$ 87,084</u>	<u>\$ -</u>	<u>\$ 87,084</u>

Note: There is no adjustment of equity securities in Level 3 for the years ended December 31, 2021 and 2020 because the fair value change was insignificant .

- (e) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument: Unlisted shares	\$ 92,894	The market approach (Price-to- Book Ratio) / Asset approach (net book value adjustment)	Discount for lack of marketability / Discount for lack of control	30%	The higher the discount for lack of marketability, the lower the fair value and the higher the discount for lack of control, the lower the fair value.

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument: Unlisted shares	\$ 89,089	The market approach (Price-to- Book Ratio) / Asset approach (net book value adjustment)	Discount for lack of marketability / Discount for lack of control	30%	The higher the discount for lack of marketability, the lower the fair value and the higher the discount for lack of control, the lower the fair value.

- (f) The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the

inputs used to valuation models have changed:

		December 31, 2021				
		Recognised in profit or loss		Recognised in other comprehensive income		
		Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Input	Change					
Financial assets						
Equity instruments	Discount for lack of marketability and discount for lack of control	±10%	<u>\$ 8,428</u>	<u>(\$ 8,428)</u>	<u>\$ -</u>	<u>\$ -</u>
		December 31, 2020				
		Recognised in profit or loss		Recognised in other comprehensive income		
		Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Input	Change					
Financial assets						
Equity instruments	Discount for lack of marketability and discount for lack of control	±10%	<u>\$ 8,526</u>	<u>(\$ 8,526)</u>	<u>\$ -</u>	<u>\$ -</u>

(4) Other information

Due to the impact of the Covid-19 pandemic and the government's multiple pandemic prevention measures, the Company has implemented measures related to work place sanitation management, continued to manage related matters and implemented a staggered work schedule to operate all its plants in compliance with the "Guidelines for Enterprise Planning of Business Continuity in Response to the Coronavirus Disease 2019 (COVID-19)". There were no significant adverse effects on various operations. However, the Company is a multinational corporation. Due to the impact of the Covid-19, the orders and the recovery of receivables have been affected to a certain extent as some governments such as the United States and Canada have implemented multiple pandemic prevention measures. The Company has also reduced the cancellation of orders by coordinating with its customers to defer the delivery. In addition, being impacted by the Covid-19

pandemic, certain receivables amounting to \$125,383 were provisioned for impairment for the year ended December 31, 2020. Later in the first quarter of 2021, the amount was fully written-off as it was unlikely to be recovered based on the assessment.

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2021.

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital or more: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: All transactions had been cleared.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (excluding investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

Not applicable.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021

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

Item	Description	Amount
Cash:		
Cash on hand		\$ 250
Checking accounts – NTD		24,825
	– Foreign currency USD 47 thousands @ 27.68	1,290
	HKD 44 thousands @ 3.549	155
Demand deposits – NTD		22,864
	– Foreign currency USD 3,892 thousands @ 27.68	107,724
	CNY 427 thousands @ 4.344	1,853
	Other foreign currency	1,084
Time deposits	– Foreign currency Expiration by Jan. 17, 2022 ~ Jan. 29, 2022, interest rate at 2.60% ~ 2.76%, including CNY 12,000 thousands @ 4.344	52,128
		<u>\$ 212,173</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2021

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

<u>Client Name</u>	<u>Item</u>	<u>Amount</u>	<u>Note</u>
MGF SOURCING FAR EAST, Limited	Accounts receivable	\$ 374,417	—
MACY MERCHANDISING GROUP INC.	"	165,355	—
THE GAP INC.	"	101,103	—
ERALDA INDUSTRIES LTD. (Brand: EILEEN FISHER)	"	72,624	—
REITMANS (Canada) Limited	"	56,640	—
Others (less than 5%)	"	<u>332,058</u>	—
		1,102,197	
Less: Allowance for uncollectible accounts		(<u>4,310</u>)	
		<u>\$ 1,097,887</u>	

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF OTHER RECEIVABLES – RELATED PARTIES
DECEMBER 31, 2021

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

<u>Client Name</u>	<u>Item</u>	<u>Amount</u>	<u>Note</u>
Receivables of loans to related parties	Tainan Enterprises (Vietnam) Co., Ltd.	\$ 116,256	—
Other receivables	PT. ANDALAN MANDIRI BUSANA	1,340	—
	P.T.Tainan Enterprises Indonesia	<u>128</u>	—
		<u>\$ 117,724</u>	

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2021

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

<u>Item</u>	<u>Description</u>	<u>Amount</u>		<u>Note</u>
		<u>Cost</u>	<u>Net Realisable Value</u>	
Raw materials	—	\$ 365,577	\$ 365,577	(Note)
Work in progress	—	<u>379,753</u>	<u>393,478</u>	"
		<u>\$ 745,330</u>	<u>\$ 759,055</u>	

Note: Please refer to Note 4 (9) "Inventories" for determining net realizable value.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF PREPAYMENTS
DECEMBER 31, 2021

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

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Prepayments to suppliers	—	\$ 114,313
Others (less than 5%)	—	<u>6,776</u>
		<u>\$ 121,089</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name of Financial Instrument	Beginning Balance		Addition		Decrease		Ending Balance		Accumulated impairment	Collateral	Note
	Shares (in thousands)	Carrying amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Carrying amount			
Stock:											
Euroc Venture Capital Corp.	15	\$ 259	-	\$ -	(13)	(\$ 130)	2	\$ 129	\$ -	None	-
KOCHE DEVELOPMENT CO., LTD.	4,798	60,939	90	-	-	-	4,888	60,939	-	None	-
KOCHE GLOBAL CO., LTD.	4,212	<u>25,886</u>	58	<u>-</u>	-	<u>-</u>	4,270	<u>25,886</u>	<u>-</u>	None	-
		<u>\$ 87,084</u>		<u>\$ -</u>		<u>(\$ 130)</u>		<u>\$ 86,954</u>	<u>\$ -</u>		

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name	Beginning Balance		Addition		Decrease		Ending Balance		Accumulated Impairment	Collateral	Note
	Shares (in thousands)	Carrying Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Carrying Amount			
DEUTSCHE BANK AG 3.6615% DUE 10 APR 2025 etc. bonds	-	<u>\$30,421</u>	-	<u>\$ -</u>	-	<u>(\$ 191)</u>	-	<u>\$30,230</u>	<u>\$ -</u>	None	-

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name	Beginning Balance		Addition		Decrease		Ending Balance		Market Value or Net Assets Value			Collateral	Note
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Percentage of Ownership	Amount	Unit Price	Total Amount		
Tainan Enterprise (BVI) Co., Limited	170	\$1,292,756	-	\$ 384	-	(\$ 74,630)	170	100.00%	\$1,218,510	\$7,152	\$1,215,920	None	-
P.T.Tainan Enterprises Indonesia	2,400	334,559	-	-	-	(46,340)	2,400	100.00%	288,219	120	288,219	"	-
Tainan Enterprises (Vietnam) Co., Ltd.	-	136,452	-	-	-	(19,092)	-	100.00%	117,360	-	117,360	"	-
PT. ANDALAN MANDIRI BUSANA	6	117,910	-	1,561	-	(3,331)	6	100.00%	116,140	19,357	116,140	"	-
TAI NAN ENTERPRISES (CAMBODIA) CO., LTD.	1	123,477	-	-	-	(99,267)	1	100.00%	24,210	24,100	24,100	"	-
Beyoung Fashion Co., Ltd.	5,050	33,378	-	850	-	-	5,050	100.00%	34,228	4	20,330	"	-
New Premium Enterprise Co., Ltd.	5,000	96,429	-	-	-	(37,064)	5,000	50.00%	59,365	2	9,395	"	-
Fortune International Co., Ltd.	300	2,950	-	-	(300)	(2,950)	-	-	-	-	-	"	(Note)
	<u>12,927</u>	<u>2,137,911</u>	<u>-</u>	<u>\$ 2,795</u>	<u>(300)</u>	<u>(\$282,674)</u>	<u>12,627</u>		<u>1,858,032</u>		<u>\$1,791,464</u>		
Less: Accumulated impairment		(63,868)							(63,868)				
		<u>\$2,074,043</u>							<u>\$1,794,164</u>				

(Note) The liquidation had been completed on May 19, 2021.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - COST
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Please refer to Note 6(8) for the information related to property, plant and equipment.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - ACCUMULATED
DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Please refer to Note 6(8) for the information related to property, plant and equipment. The depreciation methods and the estimated useful lives of property, plant and equipment, please refer to Note 4(15) for the details of property, plant and equipment.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN INVESTMENT PROPERTY - COST
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Please refer to Note 6(10) for the information related to investment property, net.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN INVESTMENT PROPERTY - ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Please refer to Note 6(10) for the information related to investment property, net. The depreciation methods and the estimated useful lives of investment property, please refer to Note 4(16) for the details of investment property.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN DEFERRED INCOME TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Please refer to Note 6(26) for the information related to income tax.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2021

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

<u>Type of loan</u>	<u>Descriptions</u>	<u>Ending Balance</u>	<u>Period of Contract</u>	<u>Range of Interest Rate</u>	<u>Credit Facility</u>	<u>Collateral</u>
Unsecured borrowings	Taipei Fubon Commercial Bank	\$ 212, 240	2021.09.08~2022.04.01	0.81%~0.83%	USD 23,500 in thousands	None
	HSBC Bank (Taiwan)	180, 720	2021.11.26~2022.03.29	0.78%~0.80%	USD 10,000 in thousands	"
	Taiwan Business Bank	138, 400	2021.12.20~2022.02.28	0.80%	\$ 150,000	"
	First Commercial Bank	129, 122	2021.11.08~2022.06.27	0.73%~0.80%	\$ 300,000	"
	The Shanghai Commercial & Savings Bank	124, 560	2021.11.02~2022.01.31	0.70%	\$ 300,000	"
	Mega International Commercial Bank	39, 986	2021.12.01~2022.06.01	0.77%~0.90%	USD 5,000 in thousands	"
	ChinaTrust Commercial Bank	9, 679	2021.11.22~2022.05.20	0.43%	\$ 360,000	"
		<u>\$ 834, 707</u>				

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF SHORT-TERM NOTES AND BILLS PAYABLE
DECEMBER 31, 2021

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

Item	Guarantor or Accepting Institution	Period of Contract	Range of Interest Rate	Issurance Amount (note)	Amount		Collateral
					Discounts of Short-term Transaction Instruments	Carrying Amount	
Commercial Paper	China Bills Finance Corporation	2021.11.05~2022.01.04	0.91%	\$ 100,000	(\$ 8)	\$ 99,992	None
"	The Shanghai Commercial & Savings Bank	2021.12.16~2022.01.07	0.92%	50,000	(20)	49,980	"
				<u>\$ 150,000</u>	<u>(\$ 28)</u>	<u>\$ 149,972</u>	

(Note) The issurance amount of The Shanghai Commercial & Savings Bank was from its' banking facility of \$300,000.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2021

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

<u>Suppliers Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
WING CHENG TEXTILE CO., LTD.	Accounts payable	\$ 10,665	—
Others (less than 5%)	"	<u>232,741</u>	—
		<u>\$ 243,406</u>	

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE – RELATED PARTIES
DECEMBER 31, 2021

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

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
P.T.Tainan Enterprises Indonesia	Accounts payable	<u>\$ 118,159</u>	—

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2021

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

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Wages and salaries payable	—	\$ 65,766
Labor and health insurance premiums payable	—	5,772
Others (less than 5%)	—	<u>40,351</u>
		<u>\$ 111,889</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF OTHER PAYABLES- RELATED PARTIES
DECEMBER 31, 2021

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

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Processing fee payable	PT. ANDALAN MANDIRI BUSANA	\$ 89,142
	Yixing Gaoqing Garments Co., Ltd.	88,743
	Tainan Enterprises (Vietnam) Co., Ltd.	48,349
		<u>\$ 226,234</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN DEFERRED INCOME TAX LIABILITIES
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Please refer to Note 6(26) for the information related to income tax.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Item	Quantity	Amount	
		Subtotal	Total
Sales revenue:			
Garments	18,890 (in thousands) pcs	\$ 5,364,868	
Others		4,187	\$ 5,369,055
Less: Sales discounts and allowances			(6,863)
			5,362,192
Service revenue			237,278
Operating revenue, net			\$ 5,599,470

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Item	Amount
Merchandise at January 1, 2021	\$ -
Add: Merchandise purchased	1, 256, 976
Merchandise at December 31, 2021	-
Merchandise sold during this period	1, 256, 976
Raw materials at January 1, 2021	111, 855
Add: Raw materials purchased	2, 196, 510
Less: Transferred to expenses	(8, 186)
Raw materials at December 31, 2021	(365, 577)
Raw materials used during this period	1, 934, 602
Direct labor	16, 829
Manufacturing overhead	1, 948, 097
Manufacturing cost	3, 899, 528
Work in progress at January 1, 2021	329, 640
Work in progress at December 31, 2021	(379, 753)
Cost of finished goods	3, 849, 415
Cost of production and marketing	3, 849, 415
Cost of inventory sold	5, 106, 391
Income from sale of scrap	(6, 031)
Operating costs	\$ 5, 100, 360

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF MANUFACTURING OVERHEAD
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

<u>Item</u>	<u>Amount</u>
Processing fee	\$ 1,910,486
Other expenses (less than 2%)	<u>37,611</u>
	<u>\$ 1,948,097</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

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

<u>Item</u>	<u>Amount</u>
Wages and salaries	\$ 68,778
Freight	50,029
Export expenses	29,137
Commission expenses	22,263
Others (less than 5%)	<u>13,766</u>
	<u>\$ 183,973</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

<u>Item</u>	<u>Amount</u>
Wages and salaries	\$ 126,542
Service fees	12,197
Insurance expenses	11,951
Others (less than 5%)	<u>55,634</u>
	<u>\$ 206,324</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

<u>Item</u>	<u>Amount</u>
Wages and salaries	\$ 52,035
Insurance expenses	5,927
Others (less than 5%)	12,710
	<u>\$ 70,672</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION, AND
AMORTIZATION EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Please refer to Note 6(24) for the details of expenses by nature, and Note 6(25) for the details of employee benefit expense.

Tainan Enterprises Co., Ltd.
Loans to others
For the year ended December 31, 2021

Table 1

Expressed in thousands of NTD

Number	Name	Name of counterparty	Account	Related parties	Maximum balance	Ending balance	Actual amount drawn down	Interest rate	Nature of financial activity	Total transaction amount	Reason for financing	Allowance for doubtful accounts		Loan limit per entity (Note 2)	Maximum amount available for loan (Note 2)	Footnote	
												Assets pledged Item	Value				
0	Tainan Enterprises Co., Ltd.	Tainan Enterprises (Vietnam) Co., Ltd.	Other receivables	Y	\$ 249,120	\$ 193,760	\$ 116,256	0~2.5%	(Note 1)	\$ -	Financing use	\$ -	-	\$ -	\$ 916,126	\$ 916,126	-
1	Tainan Enterprise (BVI) Co., Limited	TAI NAN ENTERPRISES (CAMBODIA) CO., LTD.	Other receivables	Y	41,520	41,520	41,520	-	(Note 1)	-	Financing use	-	-	-	972,736	972,736	-
		PT. ANDALAN MANDIRI BUSANA	Other receivables	Y	179,920	152,240	119,024	-	(Note 1)	-	Financing use	-	-	-	972,736	972,736	-
		Tainan Enterprises (Vietnam) Co., Ltd.	Other receivables	Y	110,720	110,720	110,720	-	(Note 1)	-	Financing use	-	-	-	972,736	972,736	-
		YONG JENG INTERNATIONAL CO., LTD.	Other receivables	Y	83,040	69,200	56,663	4%	(Note 1)	-	Financing use	-	-	-	364,776	364,776	-

Note 1: Nature of loans to others is filled for short-term financing.

Note 2: In accordance with the provisions of the operating procedures for loaning to others, the calculation of the capital loan limit of individual objects and the total limit of capital loan is as follows:

1. Loan total limit: 40% of the net worth in the most recent financial report, but only if financing is necessary, 30% of the net worth in the most recent financial report.
2. Limit for a single company
 - (1) Trading partner: each company does not exceed the amount of business transactions.
 - (2) Short-term financing: each company does not exceed 30% net worth of its most recent financial report.
 - (3) Capital loans to foreign companies of the Republic of China that directly or indirectly hold 100% of the voting shares by the same parent company shall not exceed 80% of the net worth of the company's most recent financial report.
 - (4) In the case of (1) and (2) above, the limit shall be calculated in combination, but shall not exceed the total limit of loans.

Note 3: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd.

Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures)

December 31, 2021

Table 2

Expressed in thousands of NTD

Investor	Type and name of securities	Relationship with the securities issuer	General ledger account (Note 1)	Ending balance				Footnote
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value	
Tainan Enterprises Co., Ltd.	Bonds:							
	DEUTSCHE BANK AG 3.6615% DUE 10 APR 2025, etc.	—	2	-	\$ 30,230	-	\$ 30,230	—
	Stocks:							
	EUROC VENTURE CAPITAL CORP.	—	3	2	129	0.25%	129	—
	SPLENDOR ACTIVEWEAR CO., LTD.	—	3	10	-	17.86%	-	—
	KOCHE DEVELOPMENT CO., LTD.	Substantive related parties	3	4,888	60,939	13.58%	61,293	—
KOCHE GLOBAL CO., LTD.	Substantive related parties	3	4,270	25,886	10.42%	31,472	—	
DELTA MAC (TAIWAN) CO., LTD.	—	4	40	639	0.11%	639	—	
Tainan Enterprise (BVI) Co., Limited	Bonds:							
	SBERBANK 5.125% DUE 29 OCT 2022	—	1	-	39,730	-	39,730	—
	BANCO DO BRASIL SA 4.625% DUE 15 JAN 2025, etc.	—	2	-	322,133	-	322,133	—
	Stocks:							
NETSOL TECH-NOLOGIES INC.	—	3	44	-	0.27%	-	—	

Note 1: There are four types of account items as follows:

1. Financial assets at amortized cost - current
2. Financial assets at amortized cost - non-current
3. Financial assets at fair value through profit or loss - non-current
4. Financial assets at fair value through other comprehensive income - non-current

Note 2: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd.

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more

For the year ended December 31, 2021

Table 3

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
Tainan Enterprises Co., Ltd.	P.T.Tainan Enterprises Indonesia	Subsidiary	Purchases	\$ 1,249,510	36%	(Note 1)	\$ -	-	(\$ 118,159)	(32%)	-
P.T.Tainan Enterprises Indonesia	Tainan Enterprises Co., Ltd.	The Company	(Sales)	(1,249,510)	(100%)	(Note 1)	-	-	118,159	99%	-

Note 1: Receipt and payment terms for purchases and sales to related parties is closes its accounts in 4 months.

Note 2: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:27.68).

Tainan Enterprises Co., Ltd.

Receivables from related parties reaching \$100 million or 20% of paid-in capital or more

December 31, 2021

Table 4

Expressed in thousands of NTD

Company Name	Counterparty	Relationship	Receivable from related party			Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			Items	Amount	Turnover rate	Amount	Action taken		
Tainan Enterprises Co., Ltd.	Tainan Enterprises (Vietnam) Co., Ltd.	Subsidiary	Other receivables	\$ 116,256	—	\$ -	—	\$ 41,520	\$ -
P.T.Tainan Enterprises Indonesia	Tainan Enterprises Co., Ltd.	The Company	Accounts receivable	118,159	8.01	-	—	118,159	-
Tainan Enterprise (BVI) Co., Limited	PT. ANDALAN MANDIRI BUSANA	Subsidiary	Other receivables	119,024	—	-	—	-	-
Tainan Enterprise (BVI) Co., Limited	Tainan Enterprises (Vietnam) Co., Ltd.	Subsidiary	Other receivables	110,720	—	-	—	-	-

Note : The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements
(USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd.

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2021

Table 5

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transactions			Percentage of total operating revenues or total assets (Note 3)
				General ledger account	Amount	Terms	
0	Tainan Enterprises Co., Ltd.	P.T.Tainan Enterprises Indonesia	1	Purchases	\$ 1,249,510	Closes its accounts 4 months after the end of each transaction	22%
			1	Accounts payable	118,159	—	2%
			1	Services revenue	60,367	—	1%
		PT. ANDALAN MANDIRI BUSANA	1	External processing cost	381,858	—	7%
			1	Services revenue	41,518	—	1%
			1	Other payables	89,142	—	2%
		TAI NAN ENTERPRISES (CAMBODIA) CO., LTD.	1	External processing cost	736,978	—	13%
			1	Services revenue	65,880	—	1%
			1	Prepayments	48,458	—	1%
		Tainan Enterprises (Vietnam) Co., Ltd.	1	External processing cost	260,937	—	5%
			1	Services revenue	25,118	—	—
			1	Other receivables	116,256	—	2%
			1	Other payables	48,349	—	1%
		Yixing Gaoqing Garments Co., Ltd.	1	External processing cost	307,779	—	5%
			1	Services revenue	25,609	—	—
			1	Other payables	88,743	—	2%
		Gin-Sovann Fashion (Cambodia) Limited.	1	External processing cost	201,367	—	3%
			1	Services revenue	18,783	—	—
			1	Prepayments	44,056	—	1%
1	Tainan Enterprises (BVI) Co., Limited	TAI NAN ENTERPRISES (CAMBODIA) CO., LTD.	3	Other receivables	41,520	—	1%
		PT. ANDALAN MANDIRI BUSANA	3	Other receivables	119,024	—	2%
2	Beyoung Fashion Co., Ltd.	Tainan Enterprises (Vietnam) Co., Ltd.	3	Other receivables	110,720	—	2%
		Gin-Sovann Fashion (Cambodia) Limited.	3	External processing cost	137,430	—	2%
			3	Prepayments	22,767	—	—

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) The company to subsidiary.
- (2) Subsidiary to the company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Significant inter-company transactions during the reporting periods are not disclosed since these were corresponding transactions.

Note 5: The disclosure standard for important transactions is more than NT\$10 million.

Note 6: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd.

Names, locations and other information of investee companies (excluding investees in Mainland China)

For the year ended December 31, 2021

Table 6

Expressed in thousands of NTD

Investor	Investee	Location	Main business	Original investment amount		Shares held as at December 31, 2021			Net income (loss) of the investee	Investment income (loss) recognized by the Company	Note
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Tainan Enterprises Co., Ltd.	Tainan Enterprise (BVI) Co., Limited	British Virgin Islands	Professional investments	\$ 517,058	\$ 517,058	\$ 170,000	100.00	\$ 1,218,510	(\$ 42,633)	\$ 44,322	Subsidiary
	P.T.Tainan Enterprises Indonesia	Indonesia	Garment processing, production and selling	64,446	64,446	2,400,000	100.00	288,219	(20,777)	(20,777)	Subsidiary
	PT. ANDALAN MANDIRI BUSANA	Indonesia	Garment processing, production and selling	182,024	182,024	6,000	100.00	116,140	1,105	1,105	Subsidiary
	TAI NAN ENTERPRISE (CAMBODIA) CO., LTD	Cambodia	Garment processing, production and selling	29,585	29,585	1,000	100.00	24,210	(96,906)	(96,944)	Subsidiary
	Tainan Enterprises (Vietnam) Co., Ltd.	Vietnam	Garment processing, production and selling	319,090	319,090	-	100.00	117,360	(15,442)	(15,442)	Subsidiary
	Fortune International Co., Ltd.	Taiwan	Garment and cloth selling and trading service	-	3,000	-	-	-	(2)	(2)	Subsidiary (Note 1)
	Beyoung Fashion Co., Ltd.	Taiwan	Garment processing, production and selling	141,742	141,742	5,050,000	100.00	20,330	850	850	Subsidiary
	New Premium Enterprise Co., Ltd.	Samoa	Professional investments	123,525	157,137	5,000,000	50.00	9,395	(5,147)	(2,573)	Joint venture (Note 2)
Tainan Enterprise (BVI) Co., Limited	T&G FASHION CO., LTD.	Seychelles	Professional investments	108,500	108,500	3,300,000	100.00	9,997	(18,798)	-	Subsidiary (Note 3)
T&G FASHION CO., LTD.	Tainan Enterprise (Cayman) Co., Limited	Cayman Islands	Professional investments	194,623	194,623	4,336,515	13.39	61,840	104,735	-	(Note 3)
	Gin-Sovann Fashion (Cambodia) Limited.	Cambodia	Garment processing, production and selling	27,680	27,680	-	100.00	(20,602)	(18,362)	-	Subsidiary (Note 3)
	CAMITEX (CAMBODIA) MFG CO LTD.	Cambodia	Garment processing, production and selling	16,971	16,971	100	100.00	(738)	-	-	Subsidiary (Note 3)
	Golden Harbor Garment (Cambodia) Limited.	Cambodia	Garment processing, production and selling	-	-	-	100.00	(118)	-	-	Subsidiary (Note 3)

Note 1: The liquidation had been completed in the second quarter of 2021.

Note 2: The investee returned proceeds from shares in advance as the Board of Directors resolved to shut down its subsidiary in the second quarter of 2021. The amount will be settled after the subsidiary is liquidated and dissolved.

Note 3: According to regulations, the amount of investment (loss) recognized in the current period may be exempted from disclosure.

Note 4: The subsidiary has ceased business and was pending for liquidation process.

Note 5: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd.

Information on investments in Mainland China – Basic information

For the year ended December 31, 2021

Table 7

Expressed in thousands of NTD

Investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Yixing Gaoqing Garments Co., Ltd.	Garment processing, production and selling	\$ 124,560	(Note 1)	\$ 83,040	\$ -	\$ -	\$ 83,040	(\$ 51,047)	100%	(\$ 51,047)	\$ 156,159	\$ -	(Note 3)
Zhoukou Tainan Garment Co., Ltd.	Garment processing, production and selling	138,400	(Note 1)	-	-	-	-	-	100%	-	3,840	-	(Note 4) (Note 5)
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Ministry of Economic Affairs (MOEA)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA									
Tainan Enterprises Co., Ltd.	\$ 267,142	\$ 1,076,715		(Note 6)									

Note 1: Indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.

Note 2: Investment gains or losses were recognized based on audited financial statements.

Note 3: Among them, \$41,520 (USD1,500 thousand dollars) was indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.

Note 4: Indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.

Note 5: The subsidiary has ceased business and was pending for liquidation process.

Note 6: Enterprises that have been approved by the Ministry of Economic Affairs to operate their headquarters are not subject to monetary or proportional limits.

Note 7: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd.

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2021

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing			Interest during the year ended December 31, 2021	Others (Note)	
	Amount	%	Amount	%	Balance at December 31, 2021	%	Balance at December 31, 2021	Purpose	Maximum balance during the year ended December 31, 2021	Balance at December 31, 2021	Interest rate			
Yixing Gaoqing Garments Co., Ltd.	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	-	\$ -	-	External process cost \$ 307,779 Service revenue \$ 25,609 Other payables \$ 88,743

Note: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd.

Major shareholders information

December 31, 2021

Table 9

Expressed in shares

Name of the key shareholder	Number of shares		Ownership (%)	Note
	Common stock	Preferred stock		
KOCHE GLOBAL CO., LTD.	12,660,000	—	8.60%	—
CMC Magnetics Co., Ltd.	12,261,000	—	8.33%	—
CHC International Investment Corporation	9,521,000	—	6.47%	—

Note: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the difference in the calculation basis.

Tainan Enterprises Co.,Ltd.



Yang Ching-Hon



