NIEN HSING TEXTILE CO., LTD.

Individual Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

Independent Auditors' Report

The Board of Directors and the Shareholders

Nien Hsing Textile Co., Ltd.

Opinion

We have audited the Individual Balance Sheets of Nien Hsing Textile Co., Ltd. as of December 31, 2022 and 2021, and the Individual Statements of Comprehensive Income, Individual Statements of Changes in Equity, Individual Statements of Cash Flows and the notes to the Individual Financial Statements (including the Summary of Significant Accounting Policies) from January 1 to December 31, 2022 and 2021.

In our opinion, the aforementioned Individual Financial Statements present fairly, in all material respects, the individual financial position of Nien Hsing Textile Co., Ltd. as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022 and 2021 in conformity 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual Financial Statements section of our report. We have stayed independent from Nien Hsing Textile Co., Ltd. as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. 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 refer to the matters that, in our professional judgment, were of most significance in our audit of the 2022 Individual Financial Statements of Nien Hsing Textile Co., Ltd.. These matters were addressed in the context of our audit of the Individual Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Individual Financial Statements of Nien Hsing Textile Co., Ltd. for the year ended December 31, 2022 are stated as follows:

Operating revenue from major clients

Please refer to Note 4 for the accounting policies and critical accounting estimates used for revenue recognition.

Description of Matter

Nien Hsing Textile Co., Ltd. is principally engaged in the manufacturing and sales of denim fabric and apparels. Considering the significant risk associated with the recognition of revenue in the entire financial statements and the Standards on Auditing of the Republic of China, we have listed the authenticity of the sales revenue to some of the eligible customers as the key audit matter.

Audit Procedures

The main audit procedures of the aforementioned key audit matter are as follows:

1. We studied the internal control mechanism related to sales transactions, and assessed the effectiveness of its design and implementation.
2. The substantiation test is conducted on the revenue transaction of the current year to confirm the authenticity of the sales.

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

Management is responsible for preparation and fair presentation of the Individual 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Individual Financial Statements, management is responsible for assessing the ability of Nien Hsing Textile Co., Ltd. to continue as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate Nien Hsing Textile Co., Ltd. or cease its operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Individual Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement in the Individual Financial Statements 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 Individual Financial Statements.

As part of an audit in accordance with the Standards on Auditing of 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 Individual 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 Nien Hsing Textile Co., Ltd.'s internal control.

3. Assess the appropriateness of the accounting policies adopted by the management level, as well as the reasonableness of their accounting estimates and relevant disclosures.

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 Nien Hsing Textile Co., Ltd.’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 Individual 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 Nien Hsing Textile Co., Ltd. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Individual Financial Statements, including the disclosures, and whether the Individual Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities of Nien Hsing Textile Co., Ltd. to express an opinion on the Individual Financial Statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuo-Ning Huang and Chih-Ming, Shao.

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 10, 2023

Notice to Readers

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

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

NIEN HSING TEXTILE CO., LTD.

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
Unit: In Thousands of New Taiwan Dollars

	December 31, 2022		December 31, 2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 641,831	7	$ 555,708	6
Notes receivable (Note 8)	2,021	-	1,556	-
Trade receivables, net (Notes 4 and 8)	1,476,281	16	1,590,889	18
Amounts due from affiliate enterprises (Note 26)	320,168	4	277,634	3
Other receivables (Note 8)	30,512	-	14,685	-
Inventories(Notes 4 and 9)	2,483,135	28	2,086,078	24
Prepayments	70,166	1	46,416	1
Other financial assets-current (Note 27)	50	-	50	-
Other current assets	10,614	-	24,313	-
Total current assets	5,034,778	56	4,597,329	52
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 7 and 25)	341,695	4	359,059	4
Investments accounted for using the equity method (Notes 4 and 10)	2,351,309	26	2,507,295	28
Property, plant and equipment (Notes 4, 11 and 27)	853,844	9	836,441	10
Investment property, net (Notes 4 and 12)	113,634	1	114,544	1
Deferred tax assets (Notes 4 and 21)	318,532	4	368,359	4
Prepayments for equipment	26,641	-	56,761	1
Refundable deposits	11,111	-	11,629	-
Total non-current assets	4,016,766	44	4,254,088	48
Total assets	$ 9,051,544	100	$ 8,851,417	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	$ 156,248	2	$ 33,783	-
Notes payable (Note 14)	6,256	-	63,818	1
Trade payables (Note 14)	219,821	3	210,653	2
Amounts due from affiliate enterprises (Note 26)	295,775	3	221,812	3
Other payables (Note 15)	239,674	3	219,680	3
Current tax liabilities (Notes 4 and 21)	95,342	1	6,206	-
Provisions for onerous contract (Notes 4 and 16)	-	-	19,359	-
Other current liabilities	34,906	-	28,723	-
Total current liabilities	1,048,022	12	804,034	9
NON-CURRENT LIABILITIES				
Long-term loans (Note 13)	60,000	1	210,000	2
Deferred tax liabilities (Notes 4 and 21)	292,849	3	302,690	4
Net defined benefits liabilities (Notes 4 and 17)	46,193	-	107,691	1
Guarantee deposits received	1,409	-	1,409	-
Total non-current liabilities	400,451	4	621,790	7
Total liabilities	1,448,473	16	1,425,824	16
EQUITY （Note 18）				
Capital stock	2,066,900	23	1,980,000	22
Capital surplus	509,657	6	419,716	5
Retained earnings				
Legal reserve	2,328,626	25	2,282,156	26
Special reserve	157,802	2	-	-
Unappropriated earnings	3,073,850	34	2,901,523	33
Total retained earnings	5,560,278	61	5,183,679	59
Other Equity	(533,764)	(6)	(157,802)	(2)
Total equity	7,603,071	84	7,425,593	84
Total liabilities and equity	$ 9,051,544	100	$ 8,851,417	100

The accompanying notes are an integral part of the Individual Financial Statements.

NIEN HSING TEXTILE CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
Unit: In Thousands of New Taiwan Dollars, Except Earnings Per Share

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 19 and 26)				
Sales	$ 8,690,074	100	$ 7,999,319	100
Less: Sales returns and allowances	15,394	-	8,383	-
Net sales	8,674,680	100	7,990,936	100
Revenue from processing	5,286	-	6,888	-
Total operating revenue	8,679,966	100	7,997,824	100
OPERATING COSTS (Notes 9, 17, 20 and 26)				
Cost of goods sold	7,942,688	91	7,385,393	93
Processing costs	4,454	-	6,182	-
Total operating costs	7,947,142	91	7,391,575	93
GROSS PROFIT	732,824	9	606,249	7
OPERATING EXPENSES (Notes 8,17 and 20)				
Selling and marketing expenses	233,621	3	219,783	3
General and administrative expenses	164,665	2	150,595	2
Research and development expenses	16,662	-	18,869	-
Expected credit loss (gain)	3,016	-	(46,222)	(1)
Total operating expenses	417,964	5	343,025	4
OPERATING PROFIT	314,860	4	263,224	3
NON-OPERATING INCOME AND EXPENSES (Notes 10, 20, and 26)				
Interest income	3,887	-	3,081	-
Other income	48,391	-	38,330	1
Other gains and losses	151,705	2	(29,206)	-
Finance costs	(10,889)	-	(1,740)	-
Share of profits (losses) of associates accounted for using the equity method	12,841	-	13,035	-
Total non-operating income and expenses	205,935	2	23,500	1

(Continued)

	2022		2021	
	Amount	%	Amount	%
NET PROFIT BEFORE INCOME TAX	$ 520,795	6	$ 286,724	4
INCOME TAX EXPENSES (Notes 4 and 21)	(94,339)	(1)	(44,033)	(1)
NET PROFIT FOR THE YEAR	426,456	5	242,691	3
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 18 and 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	44,914	-	1,579	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(5,119)	-	47,934	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	(8,983)	-	(316)	-
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	(325,650)	(4)	44,353	-
Items that may be reclassified subsequently to profit or loss				
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	178,956	2	(76,698)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	(35,791)	-	15,340	-
Other comprehensive income/(loss) for the year, net of income tax	(151,673)	(2)	32,192	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 274,783	3	$ 274,883	3
EARNINGS PER SHARE (Note 22)				
From continuing operations				
Basic	$ 2.15		$ 1.23	
Diluted	$ 2.13		$ 1.22	

The accompanying notes are an integral part of the Individual Financial Statements.

(Concluded)

NIEN HSING TEXTILE CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
Unit: In Thousands of New Taiwan Dollars

	Share capital (Note 18)		Capital surplus (Note 18)	Retained earnings (Notes 7 and 18)			Other Equity			
	Number of Shares	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences on translating the financial statements of foreign operations (Note 18)	Unrealized gain/(loss) on financial assets at FVTOCI (Note 18)	Unearned employee compensation (Note 18 and 23)	Total Equity
BALANCE AT JANUARY 1, 2021	198,000	$ 1,980,000	$ 419,715	$ 2,282,156	$ 274,992	$ 2,280,629	($ 592,073)	$ 624,090	$ -	$ 7,269,509
Appropriation of the 2020 earnings										
Cash dividends to the Company's shareholders	-	-	-	-	-	(118,800)	-	-	-	(118,800)
Reversal of special reserve	-	-	-	-	(274,992)	274,992	-	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	242,691	-	-	-	242,691
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	1,263	(61,358)	92,287	-	32,192
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	243,954	(61,358)	92,287	-	274,883
Exercise the right of profit disgorgement	-	-	1	-	-	-	-	-	-	1
Disposal of equity instruments measured at fair value through other comprehensive income/Subsidiaries' disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	220,748	-	(220,748)	-	-
BALANCE AT DECEMBER 31, 2021	198,000	1,980,000	419,716	2,282,156	-	2,901,523	(653,431)	495,629	-	7,425,593
Appropriation of the 2021 earnings										
Provision of legal reserve	-	-	-	46,470	-	(46,470)	-	-	-	-
Provision of special reserve	-	-	-	-	157,802	(157,802)	-	-	-	-
Cash dividends to the Company's shareholders	-	-	-	-	-	(206,960)	-	-	-	(206,960)
Net profit for the year ended December 31, 2022	-	-	-	-	-	426,456	-	-	-	426,456
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	35,931	143,165	(330,769)	-	(151,673)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	462,387	143,165	(330,769)	-	274,783
Share-based payment	8,690	86,900	89,941	-	-	270	-	-	(67,456)	109,655
Disposal of equity instruments measured at fair value through other comprehensive income/Subsidiaries' disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	120,902	-	(120,902)	-	-
BALANCE AT DECEMBER 31, 2022	206,690	$ 2,066,900	$ 509,657	$ 2,328,626	$ 157,802	$ 3,073,850	($ 510,266)	$ 43,958	($ 67,456)	$ 7,603,071

The accompanying notes are an integral part of the Individual Financial Statements.

NIEN HSING TEXTILE CO., LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022AND 2021
Unit: In Thousands of New Taiwan Dollars

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before income tax for the year	$ 520,795	$ 286,724
Adjustments for		
Depreciation expenses	92,633	90,447
Expected credit loss recognized/(reversed) on trade receivables	3,016	(46,222)
Finance costs	10,889	1,740
Interest income	(3,887)	(3,081)
Dividend income	(44)	-
Compensation cost of share-based payments	22,755	-
Share of profits (losses) of associates and subsidiaries accounted for using the equity method	(12,841)	(13,035)
Proceeds from disposal of property, plant and equipment	(2,898)	(217)
Write-down (reversal of write-down) of inventories	36,015	(61,193)
Changes in operating assets and liabilities		
Notes receivable	(465)	772
Trade receivables	111,592	181,798
Receivable from associates	(42,534)	(52,422)
Other receivables	(15,508)	1,881
Inventories	(433,072)	(45,773)
Prepayments	(23,750)	(7,753)
Other current assets	13,699	(13,662)
Other financial assets	-	1,940
Notes payable	(57,562)	(2,611)
Trade payables	9,168	(66,832)
Payables to associates	73,963	(33,506)
Other payables	19,527	24,853
Provision for onerous contracts	(19,359)	16,625
Other current liabilities	6,183	(4,668)
Net defined benefit liabilities	(16,584)	(21,118)
Cash generated from operations	291,731	234,687
Income tax paid	(9,991)	(479)
Net cash inflow from operating activities	281,740	234,208

(Continued)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ -	($ 33,142)
Proceeds from disposal of financial assets at fair value through other comprehensive income	11,997	-
Return of capital on financial assets at fair value through other comprehensive income	248	-
Return of capital on investments accounted for using the equity method	-	128,372
Payments for property, plant and equipment	(18,694)	(19,266)
Proceeds from disposal of property, plant and equipment	2,923	237
Decrease (Increase) in refundable deposits	518	(95)
Increase in prepayments for equipment	(60,337)	(54,226)
Interest received	3,568	3,067
Dividends received	22,177	-
Net cash inflow (outflow) from investing activities	(37,600)	24,947
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	122,465	(117,407)
Proceeds from long-term borrowings	480,000	420,000
Repayments of long-term borrowings	(630,000)	(310,000)
Decreasing in guarantee deposits received	-	(97)
Cash dividends	(206,960)	(118,800)
Proceeds from employment restricted shares	89,600	-
Return of employment restricted shares	(2,700)	-
Exercise the right of profit disgorgement	-	1
Interest paid	(10,422)	(1,847)
Net cash used in financing activities	(158,017)	(128,150)
NET INCREASE IN CASH AND CASH EQUIVALENTS	86,123	131,005
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	555,708	424,703
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 641,831	$ 555,708

The accompanying notes are an integral part of the Individual Financial Statements.

(Concluded)

NIEN HSING TEXTILE CO., LTD.

NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Nien Hsing Textile Co., Ltd. (the Company) was established in 1986. It is listed on the Taiwan Stock Exchange and is principally engaged in the manufacture and distribution of denim fabric and apparels. The Company acquired Chih Hsing Textile Co., Ltd. on the merger date of July 1, 2000, with the Company as the surviving entity.

The Individual Financial Statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The Individual Financial Statements were approved by the Company's Board of Directors on March 10, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

   The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Company's accounting policies, financial position and financial performance.

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1, “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8, “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendment to IAS 12, “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendment is applicable to the reporting periods since the years commencing on or after January 1, 2023.

Note 2: The amendment is applicable to the changes in accounting estimates and accounting policies during reporting periods since the years commencing on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendment is applicable to the transactions occur after January 1, 2022.

As of the date the Financial Statements were authorized for issue, the Company found that the adoption of aforementioned standards and amendments has no significant impacts on the Company's financial position and financial performance.

c. The New IFRSs issued by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”	To be determined
Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”	January 1, 2024
Amendments to IAS 1, “Non-current Liabilities with Covenants”	January 1, 2024

Note 1. Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2. A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the Financial Statements were authorized for issue, the Company is continuously assessing the effects of the amendments to the standards and interpretations on its financial position and financial performance. Any relevant effect will be disclosed when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The Individual Financial Statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs approved and promulgated by the FSC.

b. Basis of Preparation

The Individual Financial Statements have been prepared on the historical costs basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of the plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities available at the measurement date.

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

3) Level 3 inputs: Unobservable inputs for an asset or liability.

When preparing the financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income (loss) for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Company in its Consolidated Financial Statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates (accounted for as investment revenue), the share of other comprehensive income (loss) of subsidiaries and associates and the related equity items.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for trading purposes;
2) Assets expected to be realized within 12 months after the balance sheet date; and
3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities to be settled within 12 months after the reporting period, even if an agreement to refinance, or to restatement payments, on a long-term basis is completed after the reporting period and before the Individual Financial Statements are authorized for issue; and
3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign Currency

In preparing the Individual Financial Statements, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the Individual Financial Statements, the functional currencies of the Company's entities (including subsidiaries and associates in other countries that use currencies different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; The income and expense items are translated at the average rate of the year. The exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is reclassified to equity transaction in that foreign operation but is not recognized in profit or loss. For all other situations of partial disposal of a foreign operation, the proportionate share of the accumulated exchange difference recognized in other comprehensive income is reclassified to profit or loss.

e. Inventory

Inventories consist of raw materials, finished goods and work-in-progress. Inventories are stated at the lower of costs and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost at the end of the reporting period.

f. Investment in Subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company’s share of equity of subsidiaries attributable to the Company.

Changes in the Company’s ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company’s share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at costs less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and the proceed from sales and costs are recognized in profit and loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term of the item of property, plant and equipment is shorter than its useful life, the asset is depreciated over the lease term. The Company reviews the estimated useful lives, residual value and depreciation methods at least once at each financial year-end and applies the changes in accounting estimates prospectively.

On derecognition of an item of property, plant and equipment, the difference between the net sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at costs, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. The Company accounts for depreciation on a straight-line basis.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Impairment of property, plant and equipment

At the end of each reporting period, the Company reviews the carrying amounts of its Property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (net of amortization or depreciation) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j. Financial Instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at amortized costs and investments in equity instruments at FVTOCI.

i. Financial assets at amortized costs

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

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized costs, including cash and cash equivalents, trade receivables at amortized costs, other financial assets and refundable deposits, are measured at amortized costs, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Credit-impaired financial assets are those where the issuer or debtor has experienced major financial difficulties or defaults, the debtor is likely to claim bankruptcy or other financial restructuring, or disappearance of an active market for the financial asset due to financial difficulties.

Cash equivalents include time deposits with original maturities within three months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default without taking into account any collateral held by the Company:

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When the underlying debt is overdue.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

2) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company’s own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized costs using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Onerous contract

Onerous contracts are those in which the Company's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions. In assessing whether a contract is onerous, the cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that are related directly to fulfilling contracts.

l. Revenue Recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

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

Sale of goods

Revenue from the sale of goods comes from sales of denim fabric and apparels. Sales of denim fabric and apparels are recognized as revenue when the goods are transferred because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables and revenue are recognized concurrently.

The Company does not recognize revenue on materials processing because this processing does not involve a transfer of control.

m. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

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

Lease payments deducted by any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

n. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the costs of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee Benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service costs, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service costs (including current service costs, past service costs, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when plan amendment or curtailment occurs/or when the settlement occurs. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Share-based payment agreements

<u>Restricted shares for employees granted to employees</u>

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Company’s best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in other equity - unearned employee benefits. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. If restricted shares for employees are granted for consideration and the considerations received should be returned if employees resign in the vesting period, the amounts expected to be returned are recognized as payables.

At the end of each reporting period, the Company revises its estimate of the number of restricted shares for employees that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - restricted shares for employees.

q. Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for the acquisition of a subsidiary, the tax effect is included in the accounting for the acquisition of a subsidiary.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand	$ 1,511	$ 2,758
Checking accounts and demand deposits	113,795	113,190
Cash equivalents (Investments with original maturities of 3 months or less)		
Bank time deposits	396,525	-
Short-term bills	130,000	439,760
	$ 641,831	$ 555,708

The market interest rate intervals of cash in bank and short-term bills at the end of the reporting period were as follows:

	December 31, 2022	December 31, 2021
Bank deposits	0.005%～4.38%	0.001%～0.10%
Short-term bills	0.95%～1.00%	0.21%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	December 31, 2022	December 31, 2021
Domestic investment		
Listed shares and emerging market shares	$ 328,228	$ 343,664
Unlisted shares	13,467	15,395
	$ 341,695	$ 359,059

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

The Company participated in Mycenax Biotech Inc.'s issuance of ordinary shares in 2021 and invested $33,142 thousand.

Der Yang Biotechnology Venture Capital Co., Ltd. implemented a capital reduction in 2022, and returned shares of $248 thousand.

The Group disposed of some shares of Mycenax Biotech Inc. held at the fair value in 2022 for $11,997 thousand and transferred related other equity - unrealized gain or loss on financial assets at fair value through other comprehensive income of $7,809 thousand to retained earnings.

8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31, 2022	December 31, 2021
Notes receivable - operating	$ 2,021	$ 1,556
Trade receivables		
Trade receivables	$ 1,529,829	$ 1,641,421
Less: allowance for impairment loss	(53,548)	(50,532)
	$ 1,476,281	$ 1,590,889
Other receivables		
Payment on behalf of others	$ 11,873	$ 719
Interest	342	23
Others	18,297	13,943
	$ 30,512	$ 14,685

a. Trade receivables

The average credit period of sales of goods was 30 days to 90 days. No interest was charged on the trade receivables. In determining the recoverability of a trade receivable, the Company considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. The Company will first review the credit rating of their new customers and, if necessary, obtain sufficient guarantees to mitigate the risk of financial losses due to default. The Company shall use publicly obtainable financial information and past transaction records to grade main customers. The Company continuously monitors the credit risk and the credit rating of the debtor, and manages the credit risk insurance by reviewing and approving the debtor's credit limit. In addition, the Company reviews the recoverable amount of each individual account receivable on the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes that the Company's credit risk has been significantly reduced.

The Company applies the simplified approach when providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated with reference to past default experiences of the debtor and an analysis of the debtor's current financial position. The Company considers the aging of accounts receivable, customer ratings and the mechanism for the retention of accounts receivable, etc. comprehensively when determining the Company's expected credit loss rate.

The expected credit loss rates for the years ended December 31, 2022 and 2021 were 0.25% ~ 50%. The Company recognizes 100% allowance for bad debts when there is information indicating that a debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. Furthermore, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Company's allowance for trade receivables were as follows:

December 31, 2022

	Trade receivables without overdue	1 to 45 days	Over 46 days	Total
Gross carrying amount	$1,274,715	$ 203,687	$ 51,427	$1,529,829
Loss allowance (Lifetime ECL)	(35,452)	(12,540)	(5,556)	(53,548)
Amortized costs	$1,239,263	$ 191,147	$ 45,871	$1,476,281

December 31, 2021

	Trade receivables without overdue	1 to 45 days	Over 46 days	Total
Gross carrying amount	$1,424,216	$ 206,802	$ 10,403	$1,641,421
Loss allowance (Lifetime ECL)	(36,647)	(9,020)	(4,865)	(50,532)
Amortized costs	$1,387,569	$ 197,782	$ 5,538	$1,590,889

The above aging analysis was based on the overdue days.

The movements of the loss allowance of trade receivables were as follows:

	2022	2021
Beginning balance	$ 50,532	$ 97,877
Add: Expected credit loss recognized/(reversed) on trade receivables	3,016	(46,222)
Less: Amounts written off	-	(1,123)
Ending Balance	$ 53,548	$ 50,532

b. Notes receivable and other receivables

As the Company estimated notes receivable and other receivables' recoverable amounts and carrying amounts to be equal, the Company did not recognize an allowance for impairment losses.

9. INVENTORY

	December 31, 2022	December 31, 2021
Finished goods	$ 476,289	$ 265,097
Work in process	725,581	675,027
Raw materials	1,209,127	1,037,490
Inventory in transit	72,138	108,464
	$ 2,483,135	$ 2,086,078

The costs of inventories recognized as costs of goods sold for the years ended December 31, 2022 and 2021 were $7,942,688 thousand and $7,385,393 thousand, respectively. The costs of goods sold included write-down (reversal of write-down) of inventories were $36,015 thousand and ($61,193) thousand, respectively.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2022	December 31, 2021
Investment in Subsidiaries	$ 2,351,309	$ 2,507,295

a. Investment in Subsidiaries

	December 31, 2022	December 31, 2021
Nien Hsing International (B.V.I.) Co., Ltd.	$ 1,740,071	$ 1,671,281
Nien Hsing Garment (Ninh Binh) Co., Ltd.	201,954	185,391
Nien Hsing International Investment Co., Ltd.	330,578	579,782
Chih Hsing Garment (Cambodia) Co., Ltd.	78,706	70,841
	$ 2,351,309	$ 2,507,295

	Proportion of Ownership	
Name of Subsidiary	December 31, 2022	December 31, 2021
Nien Hsing International (B.V.I.) Co., Ltd.	100.00%	100.00%
Nien Hsing Garment (Ninh Binh) Co., Ltd.	100.00%	100.00%
Nien Hsing International Investment Co., Ltd.	100.00%	100.00%
Chih Hsing Garment (Cambodia) Co., Ltd.	100.00%	100.00%

The share of profits and loss and share of other comprehensive income in subsidiaries recognized using the equity method in 2022 and 2021 was based on subsidiaries' financial statements for the same periods that have been audited by an independent auditor.

Nien Hsing International Investment Co. distributed cash dividends of $22,133 thousand for 2022.

Nien Hsing International (B.V.I) Co., Ltd. implemented a capital reduction in 2021 and returned shares of $128,372 thousand.

11. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2022	December 31, 2021
Carrying amount		
Land and land improvements	$ 234,607	$ 234,607
Buildings	327,223	341,821
Machinery and equipment	216,148	181,509
Transportation equipment	4,476	5,406
Office equipment	9,018	8,026
Miscellaneous equipment	62,372	64,400
Construction in progress	-	672
	$ 853,844	$ 836,441

The above items of property, plant and equipment used by the Company were depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvements	3 to 4 years
Buildings	
Factories and main buildings	25 to 60 years
Construction for drain water	2 to20 years
Machinery and equipment	3 to 11 years
Transportation equipment	2 to 10 years
Office equipment	2 to 10 years
Miscellaneous equipment	2 to20 years

For changes of property, plant and equipment for the years ended December 31, 2022 and 2021, please refer to Table 7.

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings were set out in Note 27.

The Company signed trust deeds with related parties for agricultural lots the Company bought under their names, under which both parties agreed to follow the Company’s written instructions on the use of these assets and attribute any profits generated from these assets to the Company.

12. INVESTMENT PROPERTY

	Land	Buildings	Total
Cost			
Balance at January 1, 2022	$ 80,284	$ 50,738	$ 131,022
Balance at December 31, 2022	$ 80,284	$ 50,738	$ 131,022
Accumulated depreciation			
Balance at January 1, 2022	$ -	($ 16,478)	($ 16,478)
Depreciation expenses	-	(910)	(910)
Balance at December 31, 2022	$ -	($ 17,388)	($ 17,388)
Carrying amounts at January 1, 2022	$ 80,284	$ 34,260	$ 114,544
Carrying amounts at December 31, 2022	$ 80,284	$ 33,350	$ 113,634
Cost			
Balance at January 1, 2021	$ 80,284	$ 50,738	$ 131,022
Balance at December 31, 2021	$ 80,284	$ 50,738	$ 131,022
Accumulated depreciation			
Balance at January 1, 2021	$ -	($ 15,568)	($ 15,568)
Depreciation expenses	-	(910)	(910)
Balance at December 31, 2021	$ -	($ 16,478)	($ 16,478)
Carrying amounts at January 1, 2021	$ 80,284	$ 35,170	$ 115,454
Carrying amounts at December 31, 2021	$ 80,284	$ 34,260	$ 114,544

The above items of investment properties were depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main Buildings	50 to 55 years
Construction Improvements	5 years

As of December 31, 2022 and 2021, the fair values of the investment properties of the Company were $291,132 thousand and $289,671 thousand, respectively. The management of the Company conducted the evaluation with reference to the market prices of similar real estate transactions in the neighborhood to derive the fair values, which were not provided by independent appraisers.

The investment properties were leased out for 1 to 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the end of the lease terms

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31, 2022	December 31, 2021
Year 1	$ 8,083	$ 6,235
Year 2	7,465	1,622
Year 3	7,310	422
Year 4	7,376	403
Year 5	6,709	93
	$ 36,943	$ 8,775

13. BORROWINGS

a. Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings		
Line of credit borrowings	$ 156,248	$ 33,783
Interest rate ranges		
Unsecured borrowings		
Line of credit borrowings	4.73%～5.58%	1.08%～1.27%

b. Long-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings		
Pledged loans	$ 60,000	$ 210,000
Interest rate ranges		
Secured borrowings		
Pledged loans	1.44%	0.77%

The Company signed the three-year credit line agreement amounting to $700,000 thousand with Cathay United Bank in 2021. The borrowings are a revolving line of credit, with the duration from February 2, 2021 to February 2, 2024. The line of credit is secured by the land and buildings owned by the Company (please refer to Note 27).

14. NOTES PAYABLE AND TRADE PAYABLES

	December 31, 2022	December 31, 2021
Notes payable	$ 6,256	$ 63,818
Trade payables	$ 219,821	$ 210,653

Both notes payable and trade payables were generated from operating activities.

The average credit period on trade payables was 30 days to 120 days in principle. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

15. OTHER PAYABLES

	December 31, 2022	December 31, 2021
Payables for salaries or bonuses	$ 138,453	$ 134,498
Payables for annual leave	15,186	14,363
Payables for remuneration of directors and supervisors	9,000	9,000
Others	77,035	61,819
	$ 239,674	$ 219,680

16. PROVISION FOR ONEROUS CONTRACTS

	December 31, 2022	December 31, 2021
Onerous contract	$ -	$ 19,359

The provision for onerous contracts is recognized when the Company assesses that the costs of fulfilling the contract obligations exceed the economic benefits expected to be obtained from the contract.

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contribute amounts equal to 3% (6% from September 2015) of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the Individual Balance Sheet in respect of the defined benefit plans were as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligation	$ 218,083	$ 266,340
Fair value of plan assets	(171,890)	(158,649)
Net defined benefit liabilities	$ 46,193	$ 107,691

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
January 1, 2022	$ 266,340	($ 158,649)	$ 107,691
Service costs			
Current service costs	1,864	-	1,864
Past service costs (gain)	(143)	-	(143)
Net interest expense (income)	1,813	(1,121)	692
Recognized in profit or loss	3,534	(1,121)	2,413
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	-	(12,741)	(12,741)
Actuarial (gain) loss - changes in demographic assumptions	1	-	1
Actuarial (gain) loss - experience adjustments	(18,842)	-	(18,842)
Actuarial (gains) losses – changes in financial assumptions	(13,332)	-	(13,332)
Recognized in other comprehensive income	(32,173)	(12,741)	(44,914)
Contributions from the employer	-	(17,890)	(17,890)
Benefits paid	(19,618)	18,511	(1,107)
December 31, 2022	$ 218,083	($ 171,890)	$ 46,193
January 1, 2021	$ 296,323	($ 165,935)	$ 130,388
Service costs			
Current service costs	2,183	-	2,183
Past service costs (gain)	(4,900)	-	(4,900)
Net interest expense (income)	871	(506)	365
Recognized in profit or loss	(1,846)	(506)	(2,352)
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	-	(2,520)	(2,520)
Actuarial (gain) loss - changes in demographic assumptions	1,041	-	1,041
Actuarial (gain) loss - experience adjustments	11,506	-	11,506
Actuarial (gains) losses – changes in financial assumptions	(11,606)	-	(11,606)
Recognized in other comprehensive income	941	(2,520)	(1,579)
Contributions from the employer	-	(17,985)	(17,985)
Benefits paid	(29,078)	28,297	(781)
December 31, 2021	$ 266,340	($ 158,649)	$ 107,691

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans was as follows:

	2022	2021
Operating costs	$ 1,831	$ 1,731
Operating expenses	582	(4,083)
	$ 2,413	($ 2,352)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investments are conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by the plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.30%	0.70%
Expected rate of salary increase	2.00%	2.00%
Turnover rate	0.27%	0.26%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	($ 5,199)	($ 6,680)
Decrease by 0.25%	$ 5,382	$ 6,930
Expected rate of salary increase		
Increase by 0.25%	$ 5,331	$ 6,823
Decrease by 0.25%	($ 5,177)	($ 6,612)
Turnover rate		
Increase by 10%	($ 13)	($ 22)
Decrease by 10%	$ 13	$ 22

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

	December 31, 2022	December 31, 2021
The expected contributions to the plan for the next year	$ 8,461	$ 17,760
The average duration of the defined benefit obligation	9 years	10 years

18. EQUITY

a. Share capital

Ordinary shares

	December 31, 2022	December 31, 2021
Shares authorized (in thousands of shares)	600,000	600,000
Shares authorized	$ 6,000,000	$ 6,000,000
Shares issued and fully paid (in thousands of shares)	206,690	198,000
Shares issued	$ 2,066,900	$ 1,980,000

The changes in the Company's share capital from January 1 to December 31, 2022 and 2021 were as following:

	2022	2021
Balance at January 1	$ 1,980,000	$ 1,980,000
Issuance of the restricted shares for employee	89,600	-
Cancellation of the restricted shares for employee	(2,700)	-
Balance at December 31	$ 2,066,900	$ 1,980,000

The Company issued 8,960 thousand restricted shares for employees in 2022; the employee's subscription price was $10 per share, for $89,600 thousand.

The par value of the issued common shares is $10. Except for Note 23, the provisions related to the restricted shares for employees, carry one vote per share and carry a right to dividends.

The Company retrieved 270 thousand shares from some employees retired before meeting the vesting conditions of the restricted shares for employees in 2022. The retrieval price was $10 per share, for $2,700 thousand.

The Board of the Company resolved to cancel 240 thousand restricted shares for employees on March 10, 2023. The retrieval price was $10 per share, for $2,400 thousand.

b. Capital surplus

	December 31, 2022	December 31, 2021
Share premiums	$ 89	$ 89
Treasury share transactions	5,952	5,952
Gain on disposal of property, plant and equipment	255	255
Consolidation excess	380,471	380,471
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	26,599	26,599
Changes in percentage of ownership interest in subsidiaries	1,194	1,194
Employee restricted shares (Note 23)	89,941	-
Others	5,156	5,156
	$ 509,657	$ 419,716

The capital surplus arising from shares issued in excess of par (including share premiums from the issuance of ordinary shares, consolidation excess, the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, the capital surplus may be distributed as cash dividends, or may be transferred to share capital within a certain percentage of the Company's capital surplus once a year The capital surplus from the share of changes in equities of subsidiaries may be used to offset a deficit. The capital surplus recognized for the restricted shares for employees was not to be used for any other purpose.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, please refer to employee benefits expense in Note 20(g).

By considering the financial/business/operating factors, e.g. the Company shall distribute no less than 50% of the distributable income arrived at by taking the net income after tax less deficit make-up, legal reserves and special reserves, unless saving for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required. Appropriations may be in the form of cash dividends or stock dividends, with cash dividends currently preferred because the Company's business is mature. In addition, any stock dividends distributed should not exceed 50% of the total dividends distributed. If the Company has no unappropriated earnings, if earnings appropriable are much less than the prior year's, or if certain financial, business and operating factors need to be considered, the legal reserve may be distributed in accordance with relevant laws or regulations or as requested by the authorities in charge.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company’s paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company should be appropriated to or reversed from a special reserve in accordance with the relevant rules of the FSC. For any subsequent reversal of the deduction in other shareholders’ equity, the appropriate amount of earnings distribution should be reversed from the net debit balance.

The appropriations of earnings for 2021 and 2020, which were approved in the shareholders’ meetings on June 23, 2022 and August 11, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends per share (NT$)	
	2021	2020	2021（Note）	2020
Legal reserve	$ 46,470	$ -		
Special reserves	157,802	-		
Cash dividend	206,960	118,800	$ 1.0	$ 0.6

Note: The calculation was based on the sum of the ordinary shares, 198,000 thousand shares on December 31, 2021, plus the 8,960 thousand restricted shares for employees issued between January 1 and June 23, 2022.

Upon the resolution adopted in the shareholders' meeting on August 11, 2021, the Company reversed special reserve of $274,992 thousand in accordance with the relevant rules of the FSC.

The Company resolved to approve the appropriations of earnings for 2022 in the board meeting on March 10, 2023 as below:

	Appropriation of Earnings	Dividends per share (NT$)
	2022	2022 (Note)
Special reserves	$375,962	
Cash dividend	412,900	$ 2.0

Note: The calculation was based on the sum of the ordinary shares, 206,690 thousand shares on December 31, 2022, less the 240 thousand restricted shares for employees cancelled upon the resolution adopted in the board meeting on March 10, 2023.

The 2022 appropriations of earnings will be resolved in the shareholders’ meeting on June 13, 2023.

d. Special Reserve

	2022	2021
Balance at January 1	$ -	$274,992
Appropriations in respect of Provision of deduction to other equity	157,802	-
Reversals Decrease in deduction to other equity	-	(274,992)
Balance at December 31	$ 157,802	$ -

e. Other equity

1) Exchange differences on translating the financial statements of foreign operations

	2022	2021
Balance at January 1	($ 653,431)	($592,073)
Exchange difference arising on translation of the net assets of foreign operations	178,956	(76,698)
Income tax related to gains or losses arising on translation of the net assets of foreign operations	(35,791)	15,340
Balance at December 31	($ 510,266)	($653,431)

Exchange difference from the translation of foreign operations' net assets denominated in its functional currency into the consolidated entity's presentation currency (NTD) is directly recognized under other comprehensive income as exchange differences on translation of foreign operations. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

2) Unrealized gain/(loss) on financial assets at FVTOCI

	2022	2021
Balance at January 1	$ 495,629	$ 624,090
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(5,119)	47,934
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	(325,650)	44,353
Accumulated gains and losses on disposal of equity instruments by subsidiaries accounted for using the equity method, transferred to retained earnings	(113,093)	(220,748)

Accumulated gains and losses on disposal of equity instruments, transferred to retained earnings	(7,809)	-
Balance at December 31	$ 43,958	$ 495,629

The investments in equity instruments measured at fair value through other comprehensive income and losses are measured at fair value. Subsequent changes in fair value are presented in other comprehensive income or loss and accumulated in other equity. At the time of investment disposal, the accumulated gains and losses will not be reclassified as profit or loss but transferred directly to retained earnings

3) Unearned employee compensations

The board of the Company resolved to issue the restricted shares for employees on March 30, 2022; please refer to Note 23 for the related description.

	2022
Balance at January 1	$ -
Granted during the year	(92,736)
Cancelled during the year	2,795
Recognized expenses of share-based payment	22,485
Balance at December 31	($ 67,456)

19. REVENUE

	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	$ 8,674,680	$ 7,990,936
Revenue from processing	5,286	6,888
	$ 8,679,966	$ 7,997,824

a. Description of customer contracts

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

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

Sale of goods

Revenue from the sale of goods comes from sales of denim fabric and apparels. Sales of denim fabric and apparels are recognized as revenue when the goods are transferred because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables and revenue are recognized concurrently.

The Company does not recognize revenue on materials processing because this processing does not involve a transfer of control.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable and Trade receivables (Note 8)	$ 1,478,302	$ 1,592,445	$ 1,728,793
Amounts due from affiliate enterprises(Note 26)	283,144	243,390	211,689
	$ 1,761,446	$ 1,835,835	$ 1,940,482

c. Disaggregation of revenue

2022

	Textile Segment	Garment Segment	Total
Revenue from sale of goods	$ 5,063,644	$ 3,611,036	$ 8,674,680
Revenue from processing	3,334	1,952	5,286
	$ 5,066,978	$ 3,612,988	$ 8,679,966

2021

	Textile Segment	Garment Segment	Total
Revenue from sale of goods	$ 4,148,952	$ 3,841,984	$ 7,990,936
Revenue from processing	468	6,420	6,888
	$ 4,149,420	$ 3,848,404	$ 7,997,824

20. NET PROFIT FOR THE YEAR

Net profit for the current year comprises the following items:

a. Interest income

	2022	2021
Bank deposits	$ 3,887	$ 3,081

b. Other income

	2022	2021
Rental income (Note 26)	$ 8,490	$ 8,580
Compensation revenue	22,845	10,367
Dividend income	44	-
Others	17,012	19,383
	$ 48,391	$ 38,330

c. Other gains and losses

	2022	2021
Proceeds from disposal of property, plant and equipment	$ 2,898	$ 217
Foreign exchange gains (losses)	161,493	(27,381)
Compensation loss	(322)	(1,100)
Others	(12,364)	(942)
	$ 151,705	($ 29,206)

d. Finance costs

	2022	2021
Interest on bank loans	$ 10,889	$ 1,740

e. Depreciation

	2022	2021
Property, plant and equipment	$ 91,723	$ 89,537
Investment property	910	910
	$ 92,633	$ 90,447
An analysis of depreciation by function		
Operating costs	$ 78,836	$ 78,296
Operating expenses	12,887	11,241
Non-operating expenses	910	910
	$ 92,633	$ 90,447

f. Employee benefits expense

	2022	2021
Retirement benefits (Note 17)		
Defined contribution plan	$ 17,744	$ 17,742
Defined benefit plan	2,413	(2,352)
	20,157	15,390
Short-term employee benefits	605,290	603,254
	$ 625,447	$ 618,644
An analysis of employee benefits expense by function		
Operating costs	$ 413,474	$ 417,563
Operating expenses	211,973	201,081
	$ 625,447	$ 618,644

g. Employees' Compensation

According to the Company's Articles, the Company accrued employees' compensation at rates higher than 1% of net profit before income tax. The distribution of earnings is based on past experience and current operating circumstances. The employees' compensation for 2022 and 2021 resolved by the Board of Directors amounted to $5,261 thousand and $2,897 thousand on March 10, 2023 and March 10, 2022, respectively.

If there is a change in the amounts after the annual Individual Financial Statements are authorized for issue, the differences should be recorded as a change in the accounting estimate in the following year.

There is no difference between the actual amounts of employees' compensation paid and the amounts recognized in the Individual Financial Statements for 2021.Due to loss before income tax in 2020, it was not required to appropriate employees' compensation.

Information on the employees' compensation resolved by the Company's board of directors for 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAX

a. Income tax expenses recognized in profit and loss

The major components of income tax expenses were as below:

	2022	2021
Current tax		
In respect of the current year	($ 96,842)	($ 11,171)
Income tax on unappropriated earnings	(2,673)	-
Deferred tax		
In respect of the current year	4,788	(36,974)
Adjustments for prior years	388	4,112
Income tax expenses recognized in profit or loss	($ 94,339)	($ 44,033)

A reconciliation of accounting profit and income tax expenses were as follows:

	2022	2021
Net profit before income tax	$ 520,795	$ 286,724
Income tax expenses calculated at the statutory rate	($ 104,159)	($ 57,345)
Income tax on unappropriated earnings	(2,673)	-
Nondeductible expenses in determining taxable income	12,105	9,200
Adjustments for income tax benefits of prior periods	388	4,112
Income tax expenses recognized in profit or loss	($ 94,339)	($ 44,033)

The tax rate applicable to the Company is 20%.

b. Income tax expenses (benefit) recognized in other comprehensive income

	2022	2021
Deferred tax		
In respect of the current year		
－Translation of foreign operations	($ 35,791)	$ 15,340
－Remeasurement of defined benefit plans	(8,983)	(316)
	($ 44,774)	$ 15,024

c. Current tax liabilities

	December 31, 2022	December 31, 2021
Current tax liabilities		
Income tax payable	$ 95,342	$ 6,206

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

2022

	Balance at January 1	Recognized in profit or loss	Recognized in other comprehensive income	Balance at December 31
Deferred Tax Assets				
Temporary difference				
Exchange differences on translation of foreign operations	$ 288,560	$ -	($ 35,791)	$ 252,769
Allowance for loss of write-down of inventories	24,436	6,928	-	31,364
Allowance for impairment loss	6,968	746	-	7,714
Defined benefits retirement plans	19,953	(3,327)	(8,983)	7,643
Provisions for warranty	5,128	(102)	-	5,026
Others	23,314	(9,298)	-	14,016
	$ 368,359	($ 5,053)	($ 44,774)	$ 318,532
Deferred Tax Liabilities				
Temporary difference				
Share of profits and losses of subsidiaries accounted for using the equity method	($ 302,690)	$ 9,841	$ -	($ 292,849)

2021

	Balance at January 1	Recognized in profit or loss	Recognized in other comprehensive income	Balance at December 31
Deferred Tax Assets				
Temporary difference				
Exchange differences on translation of foreign operations	$ 273,220	$ -	$ 15,340	$ 288,560
Allowance for loss of write-down of inventories	36,675	(12,239)	-	24,436
Allowance for impairment loss	16,138	(9,170)	-	6,968
Defined benefits retirement plans	25,438	(5,169)	(316)	19,953
Provisions for warranty	5,837	(709)	-	5,128
Loss carryforwards	17,769	(17,769)	-	-
Others	21,837	1,477	-	23,314
	$ 396,914	($ 43,579)	$ 15,024	$ 368,359
Deferred Tax Liabilities				
Temporary difference				
Share of profits and losses of subsidiaries accounted for using the equity method	($ 309,295)	$ 6,605	$ -	($ 302,690)

e. Income tax assessments

The income tax returns through 2020 filed by the Company have been assessed by the tax authority.

22. EARNINGS PER SHARE

Unit: NT$ Per Share

	2022	2021
Basic earnings per share	$ 2.15	$ 1.23
Diluted earnings per share	$ 2.13	$ 1.22

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit attributable to owners of the Company

	2022	2021
Net profit used in the computation of basic and diluted earnings per share	$426,456	242,691

Number of Shares

Unit: Number of shares (in thousand)

	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	198,000	198,000
Effect of potentially dilutive ordinary shares:		
Employees' bonuses or compensation	280	138
Restricted shares for employees	1,524	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	199,804	198,138

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. SHARE-BASED PAYMENT ARRANGEMENTS

Program of restricted shares for employees

On August 11, 2021, the shareholders' meeting of the Company resolved to issue restricted shares for employees, with the upper limit of 9,900 shares, to be subscribed by the employees at $10 per share. On March 30, 2022, the board meeting adopted the resolution to grant 9,280 thousand restricted shares for employees; provided that the actual number subscribed by the employees were 8,960 thousand shares, with the granting date on March 30, 2022. The fair value of the share on the granting date was $20.35. As of December 31, 2022, 270 thousand shares were retrieved as some employees retired before meeting the vesting conditions.

The employee's vesting conditions of the restricted shares for employees resolved in the shareholders' meeting of the Company on August 11, 2021 were as below:

a. Employees must have served for three years from the date of issuance of the restricted shares for employees.

b. The average appraisal score of the three years prior to the expiry date of the vested period is 85 points or above.

c. Based on the consolidated financial statements audited by the CPAs, the average consolidated operating profit rate for the last three years prior to the expiry date of the vested period is more than 3%.

The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions were as follows:

a. All such shares should be delivered to the trust institution designated by the Company for custody, and the restricted shares for employees must not be sold, pledged, transferred, donated to others, set up or disposed of in other ways.

b. The rights to attend, propose, speech, vote, and elect at the shareholders' meetings are identical to the issued common shares of the Company, and are implemented pursuant to the trust custody contract.

c. Except for the above restrictions, other rights are identical to the common shares issued by the Company.

Employees allocated with the restricted shares for employees who fail to meet the vesting conditions, the Company repurchased the employee restricted stock at the issue price for cancellation; provided, the obtained cash or share dividends were not required to be returned by the employees.

Information on the restricted shares for employees was as follows:

Restricted shares for employees	2022 Unit (thousand shares)
Granted but not vested at the beginning of the year	-
Granted during the year	8,960
Cancelled during the year (Note)	(270)
Granted but not vested at the end of the year	8,690

Note: the number of cancelled shares during the year was the restricted shares for employees returned due to employees' retirement.

The Company recognized the compensation cost of share-based payments for 2022 was $22,755 thousand.

24. CAPITAL RISK MANAGEMENT

The Company manages its capital risks to ensure that entities in the Company will be able to continue operating with necessary financial resources and business plans and to respond to the needs for operating fund, capital expenditures, loan repayment, and dividends in the following 12 months.

Key management personnel of the Company review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or capital reduced, and/or the amount of new debt issued or existing debt redeemed.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
－Domestic listed shares	$ 324,051	$ 4,177	$ -	$ 328,228
－Domestic and foreign unlisted securities	-	-	13,467	13,467
Total	$ 324,051	$ 4,177	$ 13,467	$ 341,695

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
－Domestic listed shares	$ 328,290	$ 15,374	$ -	$ 343,664
－Domestic and foreign unlisted securities	-	-	15,395	15,395
Total	$ 328,290	$ 15,374	$ 15,395	$ 359,059

There were transfers between Level 1 and Level 2 fair value measurements in 2022. As some of the listed stocks were returned from the centralized custody compulsorily, the related amounts were transferred from Level 2 to Level 1.

There were transfers between Level 1 and Level 2 fair value measurements in 2021. As some of the stocks trading on the Emerging Stock Board became listed, the related amounts were transferred from Level 2 to Level 1.

2) Reconciliation of Level 3 fair value measurements of financial instruments

2022

Financial assets	Financial assets at FVTOCI Investments in equity instruments
Balance at January 1	$ 15,395
Return of share due to capital reduction	(248)
Recognized in other comprehensive income - Unrealized gain/(loss) on financial assets at FVTOCI	(1,680)
Balance at December 31	$ 13,467

2021

Financial assets	Financial assets at FVTOCI Investments in equity instruments
Balance at January 1	$ 15,497
Recognized in other comprehensive income - Unrealized gain/(loss) on financial assets at FVTOCI	(102)
Balance at December 31	$ 15,395

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Technique and Inputs
Emerging stocks in non-active markets	Observe the market quotation at the end of the period and consider the liquidity risk discount.
Restricted shares in active markets	Observe the market quotation at the end of the period and consider the liquidity risk discount.

4) Valuation techniques and inputs for Level 3 fair value measurements

The fair value of the fund beneficiary certificate was calculated based on the net value of the fund. The domestic unlisted equity investment was based on the market method and the asset-based approach. The market method is based on the price of the benchmark, considering the difference between the evaluation target and the comparable standard, and the value of the target is evaluated with an appropriate multiplier. The asset-based approach is to evaluate the value of a target based on the valuation result of each investee by the investing company with the income-based approach, market method, or both at the end of period.

b. Categories of financial instruments

The Company's financial assets and financial liabilities and their fair values as of December 31, 2022 and 2021 were as follows:

	December 31, 2022		December 31, 2021	
	Book Value	Fair Value	Book Value	Fair Value
Financial assets				
Financial assets at amortized costs				
Cash and cash equivalents	$ 641,831	$ 641,831	$ 555,708	$ 555,708
Notes receivables and trade receivables (including related parties)	1,798,470	1,798,470	1,870,079	1,870,079
Other receivables	30,512	30,512	14,685	14,685
Refundable deposits	11,111	11,111	11,629	11,629
Other financial assets	50	50	50	50
Financial assets at FVOCI	341,695	341,695	359,059	359,059
Financial liabilities				
Financial liabilities at amortized costs				
Short-term borrowings	156,248	156,248	33,783	33,783
Notes payables and trade payables (including related parties)	521,852	521,852	496,283	496,283
Other payables	239,674	239,674	219,680	219,680
Provision for onerous contracts	-	-	19,359	19,359
Long-term borrowings	60,000	60,000	210,000	210,000
Guarantee deposits received	1,409	1,409	1,409	1,409

c. Financial risk management objectives and policies

The Company's financial risk management objective is to manage exchange rate risk, interest rate risk, credit risk and liquidity risk related to operating activities. To reduce related financial risks, the Company is committed to identifying, assessing and avoiding market uncertainties, so as to reduce potentially unfavorable effects of market changes on its financial performance.

The important financial activities of the Company are reviewed by the board of directors in accordance with relevant regulations and internal control systems. While the financial plan is underway, the Company shall comply with relevant financial operation procedures on the overall financial risk management and segregation of duties at all times.

1) Market risks

The Company's activities exposed it primarily to the financial risks of changes in foreign exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Company's sales and purchase transactions are denominated in foreign currency; as a consequence, the Company is exposed to the risk of fluctuation in the exchange rate. Exchange rate exposures were managed by adjusting the net position between foreign assets and foreign liabilities and within approved policy parameters utilizing forward foreign exchange contracts.

Please refer to Note 30 for the Company's carrying amount of significant monetary assets and liabilities denominated in non-functional currency.

Sensitivity Analysis

The Company was mainly exposed to the U.S. dollars.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the relevant foreign currencies strengthening 5% against the functional currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD		PESO		ZAR	
	2022	2021	2022	2021	2022	2021
Profit or loss	$ 71,019	$ 77,276	($ 1,237)	($ 2,550)	$ 8,011	$ 5,911

b) Interest rate risk

The interest rate risk refers to the risk of changes in fair values of financial instrument resulted from the movement of market interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates on the balance sheet date were as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
- Financial assets	$ 406,525	$ 439,810
- Financial liabilities	216,248	243,783
Cash flow interest rate risk		
- Financial assets	233,845	113,190

Sensitivity Analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rate increases/decreases by 25 basis points, held other variables constant, the Company’s income before tax will increase/decrease by $585 thousand and $283 thousand, respectively for 2022 and 2021.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes.

Sensitivity Analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/ decreased by $3,417 thousand and $3,591 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk of financial loss of the Company caused by the counterparty's default of contractual obligations. The Company is exposed to credit risk from operating activities, primarily on trade receivables, and from financing activities, primarily on deposits, fixed-income investments and other financial instruments with banks. Credit risk is managed separately for business- and financial-related exposures.

Business-related credit risk

To maintain the quality of its accounts receivable, the Company has established management procedures on dealing with credit risks.

Individual customers are assessed for their payment capability, including financial status, aging analysis, historical transactions, etc. In special cases involving individual customers, the Company may enhance its protection against credit risk by requiring advance payment or using credit insurance.

In addition, the Company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. Accordingly, the management of the Company believes that the credit risk of the Company has been significantly reduced. Additionally, the counterparties of liquid funds are all creditworthy financial institutions and corporations, with no significant credit risk expected.

Financial credit risk

The credit risk from bank deposits, fixed income investments and other financial instruments is measured and supervised by the financial department of the Company. The counterparties of the Company are banks with good credit ratings, investment-grade financial institutions, corporations and the government, which have no contract performance risk. Thus, the credit risk is insignificant.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company’s operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company's current financial liabilities mature within a year and immediate settlements are not required. The Company's guarantee deposits do not have a specific maturity.

The table below details the contractual repayment Statement of the Company's non-current bank borrowings other than current liabilities which will mature in less than a year.

December 31, 2022	1 to 2 years	2 to 3 years	Over 3 years	Total
Long-term bank borrowings	$ 60,000	$ -	$ -	$ 60,000

December 31, 2021	1 to 2 years	2 to 3 years	Over 3 years	Total
Long-term bank borrowings	$ -	$ 210,000	$ -	$ 210,000

26. TRANSACTIONS WITH RELATED PARTIES

Except for those mentioned in Notes 10, the details of transactions between the Company and other related parties were disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Formosa Textile Co., Ltd.	Subsidiary
Nien Hsing International (Lesotho) Co., Ltd.	Subsidiary
Phoenix Development and Marketing Co., Ltd.	Subsidiary
Nien Hsing International Investment Co., Ltd.	Subsidiary
Nien Hsing Garment (Ninh Binh) Co., Ltd.	Subsidiary
Chih Hsing Garment (Cambodia) Co., Ltd.	Subsidiary
Nien Hsing International (Victoria) Co., Ltd.	Subsidiary
Glory International Co., Ltd.	Subsidiary
Hung Yuan Investment Co., Ltd	Related party in substance
Guozhong Investment Co., Ltd.	Related party in substance
Li Feng Investment Co., Ltd.	Related party in substance
Nuevo Investment Development Co., Ltd.	Related party in substance
Ying Jeh Co. Ltd.	Related party in substance
Yien Yuan Co. Ltd.	Related party in substance
Fu Yuan Investment Co., Ltd.	Related party in substance

b. Operating revenue

Related Party Category	2022	2021
Subsidiary		
Formosa Textile Co., Ltd.	$ 823,179	$ 577,468
Phoenix Development and Marketing Co., Ltd.	52,971	39,710
Nien Hsing International (Lesotho) Co., Ltd.	35,620	34,622
	$ 911,770	$ 651,800

c. Service revenue

Related Party Category	2022	2021
Related party in substance	$ -	$ 296

d. Rental income

Related Party Category	2022	2021
Subsidiary	$ 25	$ 25
Related party in substance	128	128
	$ 153	$ 153

The Company leased operating properties to related parties. The lease prices were determined with reference to the local lease standards and the payments were received monthly.

e. Processing expenses (manufacturing expenses)

Related Party Category	2022	2021
Subsidiary		
Nien Hsing Garment (Ninh Binh) Co., Ltd.	$ 795,598	$ 846,902
Nien Hsing International (Victoria) Co., Ltd.	686,141	589,804
Formosa Textile Co., Ltd.	442,787	388,884
Nien Hsing International (Lesotho) Co., Ltd.	523,337	894,142
Glory International Co., Ltd.	-	5,465
	$ 2,447,863	$ 2,725,197

f. Receivables from related parties

Related Party Category	December 31, 2022	December 31, 2021
Subsidiary		
Formosa Textile Co., Ltd.	$ 283,144	$ 243,390
Phoenix Development and Marketing Co., Ltd.	289	9,321
Nien Hsing International Investment Co., Ltd.	-	26
Glory International Co., Ltd.	36,735	24,897
	$ 320,168	$ 277,634

g. Payable to related parties

Related Party Category	December 31, 2022	December 31, 2021
Subsidiary		
Nien Hsing International (Victoria) Co., Ltd.	$ 24,736	$ 51,006
Nien Hsing International (Lesotho) Co., Ltd.	72,354	8,759
Chih Hsing Garment (Cambodia) Co., Ltd.	77,319	69,594
Nien Hsing Garment (Ninh Binh) Co., Ltd.	121,366	92,453
	$ 295,775	$ 221,812

h. Remuneration to key management

Remuneration of directors and key management in 2022 and 2021 were as follows:

	2022	2021
Short-term employee benefits	$ 33,035	$ 30,680
Retirement benefits	384	314
Share-based payment	2,846	-
	$ 36,265	$ 30,994

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, and customs guarantee.

	December 31, 2022	December 31, 2021
Property, plant and equipment	$ 513,607	$ 525,391
Other financial assets—current	50	50
Total	$ 513,657	$ 525,441

As of December 31, 2022 and 2021, the remaining pledged amount for property, plant and equipment was $189,002 thousand and $197,548 thousand respectively, which represented the collateral for a revolving line of credit due in March 2014. The Company has not retired the liens.

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. As of December 31, 2022 and 2021, unused letters of credit for purchases of raw materials and machinery and equipment amounted to $692,058 thousand and $449,004 thousand, respectively.

b. As of December 31, 2022 and 2021, the non-cancellable cotton purchase contracts for which the Company has entered into but where the goods have not yet been received were in the amounts of 7,180 thousand pounds and 16,648 thousand pounds, respectively.

c. The contingent liability incurred by subsidiaries to the Company were as follows:

	December 31, 2022	December 31, 2021
Provide endorsement guarantee for the loan of Phoenix Development and Marketing Co., Ltd.		
— Guarantee amount	$ 61,450	$ 55,310
— Actual Amount Borrowed	-	-
Provide endorsement guarantee for the loan of Nien Hsing International Investment Co. Ltd.		
— Guarantee amount	500,000	500,000
— Actual Amount Borrowed	-	33,500

29. OTHER MATTER

In 2022 and 2021, due to the COVID-19 pandemic, management of the Company has been observing the impact of COVID-19 on operations and timely adjusted the business policy. In addition, the Company hasn't found any event or circumstances that would cast significant doubt on its ability to continue operations, its asset impairment and financing risk assessment.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	Foreign Currency	Exchange rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 65,894	30.725 (USD: NTD)	$ 2,024,598
ZAR	88,573	1.809 (ZAR: NTD)	160,228
			$ 2,184,826
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	$ 2,562	30.725 (USD: NTD)	$ 78,706
VND	155,200,249	0.001 (VND NTD)	201,954
			$ 280,660
Financial liabilities			
Monetary items			
USD	19,665	30.725 (USD: NTD)	$ 604,220
PESO	15,587	1.587(PESO: NTD)	24,736
			$ 628,956

December 31, 2021

	Foreign Currency	Exchange rate	Book Value
Financial assets			
Monetary items			
USD	$ 73,078	27.655 (USD: NTD)	$ 2,020,965
ZAR	68,102	1.736 (ZAR: NTD)	118,224
			$ 2,139,189
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	2,562	27.655 (USD: NTD)	$ 70,841
VND	155,157,696	0.001(VND: NTD)	185,391
			$ 256,232
Financial liabilities			
Monetary items			
USD	17,192	27.655 (USD: NTD)	$ 475,444
PESO	37,839	1.348(PESO: NTD)	51,006
			$ 526,450

For the years ended December 31, 2022 and 2021, net foreign exchange gains (losses) (realized and unrealized) were $161,493 thousand and ($27,381) thousand, respectively.

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions, and b. information on investees:

1) Financing provided to others: None.
2) Endorsements/guarantees provided: Table 1.
3) Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures): Table 2.
4) Marketable securities acquired or disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital: None.
5) Acquisition of individual real estate at costs of at least NT $300 million or 20% of the paid-in capital: None.
6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.
7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3.
8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.
9) Trading in derivative instruments: None.
10) Information on investees: Table 5.

c. Information on Investments in Mainland China：

1) Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area: None.

2) Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

   c) The amount of property transactions and the amount of the resultant gains or losses.

   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

   e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

   f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

d. Information on Major Shareholders：List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder, Table 6.

NIEN HSING TEXTILE CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
Unit: In Thousands of New Taiwan Dollars

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note B)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note B)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note A)											
0	Nien Hsing Textile Co., Ltd.	Phoenix Development & Marketing Co., Ltd.	2	$ 2,280,921	$ 64,400	$ 61,450	$ -	$ -	0.81	$ 3,801,535	Y	N	N	
0	Nien Hsing Textile Co., Ltd.	Nien Hsing International Investment Co., Ltd.	2	2,280,921	500,000	500,000	-	-	6.58	3,801,535	Y	N	N	

Note A. The relationship between Nien Hsing Textile Co., Ltd. and the endorsed/guaranteed entities can be classified into the following seven categories.

a. A company with a business relationship.
b. A subsidiary in which over 50% of the ordinary shares are directly or indirectly held by the Company.
c. An investee company in which over 50% of the ordinary shares are directly or indirectly held by the Company.
d. Companies in which the Company directly and indirectly holds more than 90 percent of the voting shares.
e. Companies with the same industry or mutual project undertakers that have mutual guarantee based on contract agreements due to contractual project needs.
f. A company endorsed due to a co-investment agreement. The endorsement percentage of each investor was based on its investment percentage.
g. Companies in the same industry engaged in the provision of joint performance guarantee of sales contracts for the sale of pre-construction homes, pursuant to the Consumer Protection Act.

Note B. The maximum total guarantee that the Company may provide is 50% of the carrying value of its net assets, and the maximum guarantee for each party is 30% of the carrying value of the Company's net assets.

TABLE 2

NIEN HSING TEXTILE CO., LTD.

MARKETABLE SECURITIES HELD
December 31, 2022
Unit: In Thousands of New Taiwan Dollars

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Ending Balance				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Nien Hsing Textile Co., Ltd.	Share							
	Mycenax Biotech Inc.	—	Financial assets at FVTOCI - non-current	8,289,665	$ 310,863	4.04	$ 310,863	
	BioGend Therapeutics Co., Ltd.	—	Financial assets at FVTOCI - non-current	806,662	17,365	0.78	17,365	
	Leadray Energy Co., Ltd.	—	Financial assets at FVTOCI - non-current	2,532,619	12,944	6.34	12,944	
	Der Yang Biotechnology Venture Capital Co., Ltd.	—	Financial assets at FVTOCI - non-current	46,018	523	2.22	523	
	Wu Hsing International Co., Ltd.	—	Financial assets at FVTOCI - non-current	450,000	-	30.00	-	Note B

Note A. For information about investment in subsidiaries and associates, please refer to Table 5.
Note B. The Company’s shareholding proportion is 30 percent, which was assessed by the management as having no material or significant influence.

TABLE 3

NIEN HSING TEXTILE CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
Unit: In Thousands of New Taiwan Dollars

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes and Trades Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total (Note C)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Nien Hsing Textile Co., Ltd.	Formosa Textile Co., Ltd.	Sub-subsidiary	Sale	($ 823,179)	(9.49%)	(Note B)	—	(Note B)	$ 283,144	15.74%	
	Nien Hsing International (Victoria) Co., Ltd.	Sub-subsidiary	Processing expense	686,141	19.97%	(Note A)	(Note A)	(Note A)	(24,736)	(4.74%)	
	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Subsidiary	Processing expense	795,598	23.15%	(Note A)	(Note A)	(Note A)	(121,366)	(23.26%)	
	Nien Hsing International (Lesotho) Co., Ltd.	Sub-subsidiary	Processing expense	523,337	15.23%	(Note A)	(Note A)	(Note A)	(72,354)	(13.86%)	
	Formosa Textile Co., Ltd.	Sub-subsidiary	Processing expense	442,787	12.89%	(Note A)	(Note A)	(Note A)	-	-	

Note A. Processing fees charged by subsidiaries were based on operating costs; subsidiaries' payment requests were based on their financial condition.
Note B. Payments were made based on operational cash requirements.
Note C. Processing expense was calculated as a percentage to the sum of manufacturing expenses and direct labor.

TABLE 4

NIEN HSING TEXTILE CO., LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
December 31, 2022
Unit: In Thousands of New Taiwan Dollars

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Nien Hsing Textile Co., Ltd.	Formosa Textile Co., Ltd.	Sub-subsidiary	$ 283,144	(Note A)	$ -	—	$ 60,735	$ -

Note A. Collection of receivables was based on the related parties' cash requirements.

NIEN HSING TEXTILE CO., LTD.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
Unit: In Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Nien Hsing Textile Co., Ltd.	Nien Hsing International (B.V.I.) Co., Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investment holding company	$ 458,543	$ 458,543	19,185	100.00	$ 1,740,071	($ 49,463)	($ 49,463)	Subsidiary
	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Plot C4, Khanh Phu Industrial zone, Khanh Phu Commune, Yen Khanh district, Ninh Binh province, Vietnam	Denim garments processing	714,092	714,092	-	100.00	201,954	256	256	Subsidiary
	Chih Hsing Garment (Cambodia) Co., Ltd.	ROAD 6 ,PHUM KHTOR,SANGKAT PREK LEAP,CHROY CHANGVAR DISTRICT,PHNOM PENH,KINGDOM OF CAMBODIA	Denim garments processing	133,641	133,641	4,500	100.00	78,706	1	1	Subsidiary
	Nien Hsing International Investment Co., Ltd.	12F-2, No. 308, Neihu Rd., Sec. 1, Neihu Dist., Taipei City, Taiwan 114, R.O.C.	Investment business	20,000	20,000	9,722,833	100.00	330,578	62,047	62,047	Subsidiary

TABLE 6

NIEN HSING TEXTILE CO., LTD.

INFORMATION ON MAJOR SHAREHOLDERS
December 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Ron Yuan Investment Co., Ltd.	47,524,506	22.99%
Panda Investment Co., Ltd.	28,892,146	13.97%

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

NIEN HSING TEXTILE CO., LTD.

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021
Unit: In Thousands of New Taiwan Dollars

	Land	Land improvements	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Construction in progress	Total
Cost									
Balance at January 1, 2022	$ 234,607	$ 1,516	$ 713,236	$ 1,330,792	$ 9,229	$ 32,098	$ 648,372	$ 672	$ 2,970,522
Addition	-	-	1,158	3,536	-	1,956	9,597	2,447	18,694
Disposal	-	-	-	(37,935)	-	(246)	(8,315)	-	(46,496)
Reclassifications	-	-	3,119	76,692	-	2,651	11,114	(3,119)	90,457
Balance at December 31, 2022	$ 234,607	$ 1,516	$ 717,513	$ 1,373,085	$ 9,229	$ 36,459	$ 660,768	$ -	$ 3,033,177
Accumulated depreciation									
Balance at January 1, 2022	$ -	$ 1,516	$ 371,415	$ 1,149,283	$ 3,823	$ 24,072	$ 583,972	$ -	$ 2,134,081
Disposal	-	-	-	(37,935)	-	(246)	(8,290)	-	(46,471)
Depreciation expenses	-	-	18,875	45,589	930	3,615	22,714	-	91,723
Balance at December 31, 2022	$ -	$ 1,516	$ 390,290	$ 1,156,937	$ 4,753	$ 27,441	$ 598,396	$ -	$ 2,179,333
Carrying amounts at December 31, 2022	$ 234,607	$ -	$ 327,223	$ 216,148	$ 4,476	$ 9,018	$ 62,372	$ -	$ 853,844
Cost									
Balance at January 1, 2021	$ 230,001	$ 1,516	$ 704,889	$ 1,332,609	$ 4,349	$ 27,889	$ 654,148	$ -	$ 2,955,401
Addition	4,606	-	8,347	928	700	1,337	2,676	672	19,266
Disposal	-	-	-	(4,495)	(700)	(1,331)	(17,034)	-	(23,560)
Reclassifications	-	-	-	1,750	4,880	4,203	8,582	-	19,415
Balance at December 31, 2021	$ 234,607	$ 1,516	$ 713,236	$ 1,330,792	$ 9,229	$ 32,098	$ 648,372	$ 672	$ 2,970,522
Accumulated depreciation									
Balance at January 1, 2021	$ -	$ 1,516	$ 353,655	$ 1,112,852	$ 4,136	$ 22,578	$ 573,347	$ -	$ 2,068,084
Disposal	-	-	-	(4,475)	(700)	(1,331)	(17,034)	-	(23,540)
Depreciation expenses	-	-	17,760	40,906	387	2,825	27,659	-	89,537
Balance at December 31, 2021	$ -	$ 1,516	$ 371,415	$ 1,149,283	$ 3,823	$ 24,072	$ 583,972	$ -	$ 2,134,081
Carrying amounts at December 31, 2021	$ 234,607	$ -	$ 341,821	$ 181,509	$ 5,406	$ 8,026	$ 64,400	$ 672	$ 836,441

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TABLE 1

NIEN HSING TEXTILE CO., LTD.

Statement of Cash and Cash Equivalents
December 31, 2022
Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Item	Amount
Cash on hand	$ 1,511
Bank deposits	
Checking account and demand deposit	24,418
Foreign currency demand deposits (Note A)	89,377
Cash equivalents	
Bank time deposits－annual interest rates of 0.98%-4.38%, expiry dates range from January 6, 2023 to February 9, 2023 (Note B)	396,525
Short-term bills－annual interest rates of 0.95%-1.00%, expiry dates range from January 5, 2023 to February 2, 2023	130,000
	$ 641,831

Note A. Including USD 2,909 thousand, converted at the exchange rate US$1=NT$$30.725
Note B. Including USD 9,000 thousand, converted at the exchange rate US$1=NT$$30.725

TABLE 2

NIEN HSING TEXTILE CO., LTD.

Statement of Trade Receivables
December 31, 2022
Unit: In Thousands of New Taiwan Dollars

Name	Amount
M001 company	$ 578,986
S094 company	492,100
S070 company	113,344
S140 company	107,728
S162 company	90,394
Others (Note)	147,277
	1,529,829
Less: Allowance for impairment loss	53,548
Total	$ 1,476,281

Note: The amount of individual client did not exceed 5% of the account balance

TABLE 3

NIEN HSING TEXTILE CO., LTD.

Statement of Inventories
December 31, 2022
Unit: In Thousands of New Taiwan Dollars

Item	Amount	
	Cost	Net realizable value (Note)
Raw materials	$ 1,197,323	$ 1,318,136
Work in process	725,581	772,186
Finished goods	476,289	481,082
Raw materials in transit	72,138	72,138
Supplies	11,804	11,804
	$ 2,483,135	$ 2,655,346

Note: The net realizable value was the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NIEN HSING TEXTILE CO., LTD.

Statement of Changes in Financial Assets at Fair Value through Other Comprehensive Income
For the Year Ended December 31, 2022
Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Name	Balance at January 1		Addition		Reduction		Unrealized gain/(loss) on financial assets at FVTOCI	Balance at December 31		Guarantee or Pledge
	Number of Shares/Units	Fair Value	Number of Shares	Amount	Number of Shares	Amount		Number of Shares/Units	Fair Value	
Mycenax Biotech Inc.	8,519,665	$ 322,895	-	$ -	230,000	$ 11,997	($ 35)	8,289,665	$ 310,863	None
BioGend Therapeutics Co., Ltd.	806,662	20,769	-	-	-	-	(3,404)	806,662	17,365	None
Leadray Energy Co., Ltd.	2,532,619	14,535	-	-	-	-	(1,591)	2,532,619	12,944	None
Der Yang Biotechnology Venture Capital Co., Ltd.	70,798	860	-	-	24,780	248	(89)	46,018	523	None
Wu Hsing International Industrial Co., Ltd (Note A)	450,000	-	-	-	-	-	-	450,000	-	None
		$ 359,059		$ -		$ 12,245	($ 5,119)		$ 341,695	

Note A. The Company’s shareholding proportion was 30 percent, which was assessed by the management as having no substantial significant influence.

Table 5

NIEN HSING TEXTILE CO., LTD.

Statement of Changes in Investments Accounted for Using the Equity Method
For the Year Ended December 31, 2022
Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investee	Par value per share (NT$)	Balance at January 1		Addition		Reduction		Cash dividends	Gain (Loss) on investment accounted for using the equity method	Adjustment of foreign currency translation	Unrealized gain/(loss) on financial assets at FVTOCI	Balance at December 31			Note
		Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount					Number of Shares	Shareholding %	Amount	
Accounted for using the equity method															
Nien Hsing International (B.V.I.) Co., Ltd.	US$ 500	19,185	$1,671,281	-	$ -	-	$ -	$ -	($ 49,463)	$ 154,785	($ 36,532)	19,185	100	$1,740,071	(Note A)
Nien Hsing Garment (Ninh Binh) Co., Ltd.	-	-	185,391	-	-	-	-	-	256	16,307	-	-	100	201,954	(Notes A and B)
Chih Hsing Garment (Cambodia) Co., Ltd.	US$ 1,000	4,500	70,841	-	-	-	-	-	1	7,864	-	4,500	100	78,706	(Note A)
Nien Hsing International Investment Co., Ltd.	NT$ 10	9,722,833	579,782	-	-	-	-	(22,133)	62,047	-	(289,118)	9,722,833	100	330,578	(Note A)
			$2,507,295		$ -		$ -	($ 22,133)	$ 12,841	$ 178,956	($ 325,650)			$2,351,309	

Note A. Calculated based on the financial statements audited by an independent auditor during the same period.
Note B. There was no data on par value and number of shares because it was not a company limited by shares.
Note C. Investments accounted for using the equity method was neither pledged nor collateralized.

TABLE 6

NIEN HSING TEXTILE CO., LTD.

Statement of Short-term Borrowings and Long-term Borrowings
December 31, 2022
Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Types of Borrowings and Creditors	Borrowings period	Annual Interest Rate (%)	Balance at December 31	Financing Line	Pledged or Secured	Note
Short-term borrowings						
Line of credit borrowings						
Hua Nan Bank	2022.12.27-2023.1.3	5.58%	$ 2,623	$ 2,623	N/A	Note A
Cathay United Bank	2022.11.11-2023.2.10	4.73%	153,625	153,625	N/A	Note B
			$ 156,248	$ 156,248		
Long-term borrowings						
Secured borrowings						
Cathay United Bank	2021.2.2-2024.2.2	1.44%	$ 60,000	$ 700,000	Note C	—

Note A. It was the LC advance on behalf of the Company. The balance at the end of the year was USD 85 thousand, which was converted at the exchange rate of US$1: NT$30.725.

Note B. It was the O/A financing, The balance at the end of the year was USD 5,000 thousand, which was converted at the exchange rate of US$1: NT$30.725.

Note C. The pledged amount of Property, plant and equipment was $324,605 thousand.

NIEN HSING TEXTILE CO., LTD.

Statement of Trade payables
December 31, 2022
Unit: In Thousands of New Taiwan Dollars

Supplier	Amount
M001 company	$ 43,827
22318987 company	18,813
PD330 company	14,358
IMD018 company	14,236
PD052 company	12,768
PD484 company	12,268
Others (Note)	103,551
Total	$ 219,821

Note: The amount of individual vendor did not exceed 5% of the account balance.

TABLE 8

NIEN HSING TEXTILE CO., LTD.

Statement of Operating Revenue
For the Year Ended December 31, 2022
Unit: In Thousands of New Taiwan Dollars

Item	Numbers	Amount
Sales		
Denim garment (dozen)	1,068 thousand dozens	$ 3,595,114
Denim (yard)	40,202 thousand yards	4,278,390
Ring spinning yarn (kg)	6,225 thousand kgs	790,342
Others		26,228
Subtotal		8,690,074
Less: Sales returns		3,078
Sales allowances		12,316
Subtotal		15,394
Revenue from processing		5,286
Net Operating Revenue		$ 8,679,966

TABLE 9

NIEN HSING TEXTILE CO., LTD.

Statement of Operating Costs
For the Year Ended December 31, 2022
Unit: In Thousands of New Taiwan Dollars

Item	Amount
Raw materials at the beginning of the year (including raw materials in transit)	$ 1,152,412
Raw materials purchased	5,087,397
Raw materials at the end of the year (including raw materials in transit)	(1,295,300)
Plus (minus): Inventory profit	5,750
Transferred from self-made finished products (Note)	265,261
Sale	(30,927)
Own used and others	(103,040)
Annual raw material used	5,081,553
Direct labor	168,547
Manufacturing overheads	3,263,310
Manufacturing costs	8,513,410
Plus (minus):	
Work in progress at the beginning of the year	691,261
Work in progress at the end of the year	(745,282)
Others	5,994
Cost of finished goods	8,465,383
Plus (minus):	
Finished goods at the beginning of the year	352,854
Finished goods at the end of the year	(587,570)
Transferred back to raw materials (Note)	(265,261)
Sales returns	2,999
Inventory profit	26
Own used and others	(60,207)
Cost of finished goods sale	7,908,224
Cost of raw materials and work in progress sale	30,927
Cost of transferred from unamortized fixed manufacturing overheads	37,644
Write-down of inventories	36,015
Provision for onerous contracts	(19,359)
Inventory profit	(5,776)
Revenue from sale of scraps	(44,987)
Cost of goods sold	7,942,688
Processing costs	4,454
Total operating costs	$ 7,947,142

Note: Conversion of some finished products of the ring spinning mills to the raw materials for the textile mills.

TABLE 10

NIEN HSING TEXTILE CO., LTD.

Statement of Operating Expenses
For the Year Ended December 31, 2022
Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

	Selling and marketing expenses	General and administrative expenses	Research and development expenses	Expected credit loss (gain)	Total
Salaries	$ 62,833	$ 103,729	$ 2,499	$ -	$ 169,061
Directors' remuneration	-	9,485	-	-	9,485
Expected credit loss	-	-	-	3,016	3,016
Freight	37,847	137	-	-	37,984
Taxation	30,236	2,802	-	-	33,038
Sample fee	29,469	-	-	-	29,469
Insurance expense	23,626	9,087	203	-	32,916
Commission expense	12,965	-	-	-	12,965
Commodity development fee	-	-	13,248	-	13,248
Depreciation	3,180	9,707	-	-	12,887
Others (Note)	33,465	29,718	712	-	63,895
Total	$ 233,621	$ 164,665	$ 16,662	$ 3,016	$ 417,964

Note: The amount of each item in others did not exceed 5% of the amount balance

NIEN HSING TEXTILE CO., LTD.

Statement of Employee Benefit, Depreciation and Amortization Expenses for the Period
For the Years Ended December 31, 2022 and 2021
Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

	2022				2021			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total
Employee benefits expense								
Salary and wages	$ 352,361	$ 169,061	$ -	$ 521,422	$ 356,436	$ 162,823	$ -	$ 519,259
Labor and health insurance	31,959	16,240	-	48,199	31,820	15,813	-	47,633
Pension	12,694	7,463	-	20,157	12,596	2,794	-	15,390
Directors' remuneration	-	9,485	-	9,485	-	9,470	-	9,470
Other employee benefit expenses	16,460	9,724	-	26,184	16,711	10,181	-	26,892
	$ 413,474	$ 211,973	$ -	$ 625,447	$ 417,563	$ 201,081	$ -	$ 618,644
Depreciation expenses	$ 78,836	$ 12,887	$ 910	$ 92,633	$ 78,296	$ 11,241	$ 910	$ 90,447

Note:
1. The average number of employees for this year and the previous year were 786 and 823 respectively, of which the average number of directors who do not concurrently serve as an employee were 4 and 4 respectively.
2. For companies whose shares have been listed on the stock exchange or traded on an OTC market, the following additional information should be disclosed:
   (1) The average employee benefit expense for the year was $788 thousand ((Total employee benefit expense for the year－ Total remuneration for Directors) / (Number of employees for the year − Number of Directors who do not serve concurrently as an employee))
   The average employee benefit expense for the previous year was $744 thousand ((Total employee benefit expense for the previous year－ Total remuneration for Directors) / (Number of employees for the previous year − Number of Directors who do not serve concurrently as an employee))
   (2) The average employee salary expense for the year was $667 thousand (Total salary expense for the year / (Number of employees for the year－ Number of Directors who do not serve concurrently as an employee.))
   The average employee salary expense for the previous year was $634 thousand (Total salary expense for the year / (Number of employees for the previous year－ Number of Directors who do not serve concurrently as an employee.))
   (3) The average adjustment of employee salary and wages increased by 5.20%.
   (4) The Company has established an audit committee, and the remuneration of independent directors has been disclosed along with remuneration of the directors.
   (5) Salary and remuneration policy
      A. Directors' remuneration:
         a. Commuting fee: $3~5 thousand per meeting.
         b. Remuneration: Each director of the Company receives a fixed remuneration of $1,000 thousand per year.
         c. Directors' remuneration: Compensations are not available for directors.
         d. Other rewards: The chairman of the Company is issued a company car.
      B. Manager's remuneration:
         a. Salaries and Bonuses： Salaries are given in accordance with the Company's salary approval regulations; bonuses are given with reference to the operating performance and future risks of each business unit; a performance bonus is given if the annual operating profit and production targets are met.
         b. Employees' Compensation: Employee compensations are not available for managers.
         c. Other rewards: The Company's manager equals to or above the vice president level is issued a company car.
         The remuneration committee of the Company also regularly evaluates and reviews the policies, systems, standards and structures of remuneration awarded to directors, supervisors and managers, and proposes to the board of directors for consideration.
      C. Employee remuneration:
      The Company's remuneration policy positively relates to individual ability, contribution to the Company, individual performance and operating performance. Remuneration is comprised of three parts: basic salary, bonus and employee compensation and benefits. Criteria for remuneration payments can be broken down to (a) basic salary, given based on the Company's salary approval regulations, as well as the market competition of the employee's job; (b) bonus and employee remuneration, given when department targets are met, or company operating performance are satisfied; and (c) benefits, devised to care for employees needs in accordance with laws and regulations.