

STOCK CODE 1457



Yi Jinn Industrial Co., Ltd.

# Annual Report 2022

Taiwan Stock Exchange Market Observation Post  
System : <https://mops.twse.com.tw>  
Website : <https://www.yjinn.com.tw>

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#### Notice to readers

This is a translation of the 2020 annual report.  
The translation is for reference only. if there is and discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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# I. Letter to Shareholders

## I. 2021 Business Results

### (1) 2020 Business plan implementation result :

To face the tendency of the global competition and the regional integration, RCEP will re-mould the pattern of APEC, and it's also an opportunity for Taiwan. Textile industry of Taiwan already continued to drive the expansion of upstream, midstream and downstream vertical integration and the horizontal value chain, and integrated the diversity of market analysis design, purchase, material development and quick proofing, etc.; meanwhile, the industry continued to configure the commodity overseas, remained the high-end functional production line and the center of R&D and operation in Taiwan, utilized OBM model to coordinate the complementarity of the supply chain from Southeast Asia for consolidating the complete supply chain of textile industry, and increased the production efficiency, and drove value-added and growing gross profit margin with the reallocation of the productivity in various regions.

The current main production business of the Company includes polyester yarn produced by the subsidiary "Hung Chou Fiber Industry Co. Ltd." and polyester textured yarn produced by Kwang Ming Silk Mill Co. Ltd., and high gross margin industry webbing and the stable rental income are the main operation income of the parent company "YI JINN INDUSTRIAL CO., LTD".

### (2) Budget implementation: there's no budget information reported by the Company in 2021.

### (3) Financial receipts and expenditures and profitability analysis :

Unit: NT\$1,000

Item		2020	2021
Financial receipts and expenditures	Operating revenue	2,707,215	4,146,179
	Operating costs	2,501,874	3,590,229
	Income from continuing operations before income tax	810,287	396,685
	Net profit after tax	556,686	366,132
Profitability	Return on assets (%)	3.67	2.57
	Return on equity (%)	7.34	4.68
	Pre-tax net profit to paid-in capital ratio (%)	26.86	13.15
	Net profit rate (%)	20.56	8.83
	Earnings per share (dollar)	2.89	0.9

(4) Status of research and development :

Fiber type	Composition	Usage	Feature
Fiber 37.5™ technology textile	Volcanic rock (Active carbon)	Professional sports clothing and sportswear	Use electrostatic attraction to absorb the body's evaporating water, at the same time, the infrared radiation emitted from the human body is used to heat the particles to accelerate the evaporation of water, so it can keep the body surface dry faster, and also help to store energy to keep the body at a certain temperature.
Antibacterial Fiber with Cupric Nano-particles	Obtained the key nano-refinement technology to refine copper into fiber master batch raw material, and then used to produce yarn.	Medical disposables, infant supplies, women's supplies and other antibacterial apparel.	Copper ion antibacterial fiber has the effect of blocking disease transmission, eliminating peculiar smell and repairing skin, it is a new type of antibacterial textile. Textiles containing Copper can enhance the activity of skin growth factor, stimulate skin to generate new capillary, and the use of containing copper medical wound dressing can accelerate the healing speed of wound.
Biopro biodegradable fiber	By incorporating biodegradable BioSphere Additive and PET in the process of spinning, to produce a new type of spinning dope, which is used to produce hydrophilic polyester fiber.	Biopro fibers can be made into clothing, hats, backpacks and shoes.	It can decompose the surface and internal structure of polyester fiber. Microbial enzyme can decompose the C-C polymer chain in the fiber, and make PET fiber break down into the simpler monomer structure, which can be further decomposed by bacteria. By increasing the hydrophilicity of the product, to enhance biodegradability of polyester fiber.
Graphene Fiber	Graphene is evenly dispersed to make nanoscale masterbatches, then further is used to make yarns	Smart clothing and wearable device applications.	Antistatic: graphene conductivity can reduce the surface electrical resistivity of cloth. At the same time, the surface lubrication can reduce the coefficient of friction, inhibit and reduce generating electric current, and to help prevent skin itches.

**II. The overview of business operations :**

The main production businesses of the company are : the subsidiaries Hung Chou Fiber Industry Co., Ltd. produces polyester yarn (chips) and Kwang Ming Silk Mill Co., Ltd. produces textured yarn, and the parent company Yi Jinn's operating income is mainly high gross profit industrial ribbon and stable rental income.

## (1) Guideline for Management

1. The artificial fiber industry is affected by the COVID-19 epidemic and geopolitical instability, the price of raw materials (MEG, PTA) fluctuates greatly, which makes the price of chemical fiber and textured yarn products using petrochemical products as raw materials fluctuate, because the sharp price change is not a good thing for production. On the other hand, the adjustment of the brand purchasing base and the change of the production base of the supply chain make it more difficult for Taiwan's man-made fibers industry. When the production base leaves Taiwan, the domestic demand drops, which urges our company to develop differentiated goods more actively, and appeal for the advantages of stable quality and rapid response, so as to grasp the market opportunities.
2. In the international competitive environment, the management team has Hung Chou Fiber Industry Co., Ltd., the polyester yarn production manufacturing factory, and Kwang Ming Silk Mill Co., Ltd., the textured yarn manufacturing factory. They use the advantages of each company to integrate the operation competitiveness, improve the company's physique and expand the development and production of special products, stand out from the competitors, and push the product specifications to specialization, customization and internationalization, so as to meet the changing needs of market and customers. Only in this way can we cope with the shorter product life cycle, and give priority to market orientation as the most important production direction.
3. Strengthen the promotion of new products and after-sales service, improve customer satisfaction and the stable growth of the supply chain.
4. Continuous and stable growth of industrial ribbon and development of special yarn, high gross profit for the company to bring the best interests.

## (2) Expected sales volume and its basis

According to the production capacity and market demand of the company, it is estimated that in 2022, the sales volume of polyester yarn will be about 68,540 tons (including 13,300 tons for the subsidiary company's own use), polyester chip will be about 18,000 tons, polyester textured yarn will be about 19,080 tons, and outsourcing industrial ribbon will be about 170,000 thousand meters.

## (3) Important production and marketing policies

### 1 . Production policy

The company produces polyester yarn from Hung Chou Fiber and textured yarn from Kwang Ming Silk Mill, focusing on the production of differentiated innovative products and customized products. The vertical integration of upstream and downstream makes the company have advantages in reducing the purchase cost of raw materials and arranging the production line. In addition, the company is able to obtain a leading position in the source of POY raw materials, stabilize the supply system, provide diversified innovative product marketing, and enhance the competitiveness of the company.

### 2 . Sales policy

- (1) Stabilize excellent customers and develop potential customers with forward-looking prospects.
- (2) In response to the demand of emerging markets, strengthening the expansion of differentiated products in foreign markets.
- (3) Improve the salesperson's sales skills and professional knowledge of related fields.
- (4) Combining the upstream, middle and downstream strategic alliance and establishing marketing mechanism, we can play a complementary role in improving the operating performance and market share.

### **III. The future development strategy of the company, impact from the external competitive environment, regulatory environment and overall business environment**

- (1) The company's mid- and long-term business development strategy, the integration of upper, middle and lower streams, from polymerization, spinning, false twisting to weaving and knitting, integrated into a chemical fiber factory production line. Besides improving the production of raw materials and having reduced costs, the control of downstream suppliers and shorten the market response time, all have significantly raised the company's acuity of market demand, therefore in the production and sales forecasting process, when the market demands begin to appear, it can keep the supply of specifications and quantities of the products demanded by the market running smoothly, and in the meantime, can also reduce production capacity when the market demand decreases, reduce the inventory to the minimum volume and avoid inactive inventory to happen.
- (2) Global environmental issues still a hot topic, focusing on reducing environmental impact. The production of Dope Dye filament yarn is also the market demand trend. No matter outdoor fabrics or sports products, including car interiors, all because of eco concepts, large number of fiber yarns which do not need dye process have been used. Among them, black yarn has been our company's long-term developing specifications. When other false twist factories still continue to produce general specifications products due to equipment cost considerations, our company has foreseen the future of the demand of environmental materials, utilize the existing machinery and equipment for development and modification, put all efforts into the development and production of various specifications of Dope Dye, is one of the largest suppliers create popular eco-friendly raw dyed yarn materials in the market.
- (3) The brand customers have an increasing demand for eco polyester yarn and is proactive in integrating the upstream and downstream supply chains to meet customers 'demands.
- (4) The company's exporting products to Europe not applicable to the provision of the regulation of Restriction of the use of Hazardous Substance (RoHS), also no impacts of other environmental regulations.

Chairman : Chan, Cheng-Tien

General Manager : Weng, Mao-Cheng



## II. Company Profile

### 1. Date of incorporation: March 24, 1981

### 2. A brief of the company:

1. The Company was established in March 1981 by co-founders Yu De Shu, Chan Cheng Tien, Liu Shan Ming, Zheng Chao Yang etc. Paid in capital was NT\$16 million. The company type was Company Limited by shares. Yu De Shu has been elected as chairman. Start up a factory to manufacture products in Hukou Industrial Park. Major business including man-made and natural fibers and false twist textured yarn textile manufacturing process and trading business.
2. To strengthen business structure and improving operating efficiency, the company merged by absorption on December 15, 1990, issued 6,000,000 new shares, and in the meantime, resolution for cash capital increase of NT\$60,000,000 to improve the capital structure. At that time, the capital had reached NT\$ 180 million.
3. To keep up with economic market trends and achieving industrial upgrading through production automation to add value to products and ensure advantages of local and global markets. After careful evaluation, the company has purchased approximately 6,000 pings of land and approximately 2,000 pings of factory next to Provincial Highway 1 in Huatan Township, Changhua County, 80 of the newest Belgian airjet weaving machines and 40 rapier loom machines all were imported. Has begun mass-production since 1992.
4. To reduce production costs and make the production process more efficient and reasonable cost, the company passed the resolution at the special shareholders' meeting on October 29, 1991, merged by absorption of the upstream I Jin Industrial Co., Ltd. The company is the surviving company, with special approval from the authority in charge of the industry. And from the record date of the merger on December 17, 1991, issued 19,600,000 new shares, merged by absorption of I Jin Industrial Co., Ltd. In the meantime, resolution for cash capital increase of NT\$ 124,000,000 to improve the capital structure. Paid in capital had reached NT\$500 million, issued 50 million shares, and has become a public offering company. Factories 1 and 2 built in Chang Hwa, received the award-winning trophy for the most important investment and best Automate Production Line demonstration factory in textile industry from Ministry of Economic Affairs in 1992. Having great significance.
5. The Company has become one of the few factories in domestic specialized in line production process of polyester filament yarn and man-made fiber weaving in 1992. It can produce 3,000 tons of processed yarn and 5 million yards of plain weave fabrics per month. It owns 5 factories in Taoyuan, Hsinchu and factory 1 and 2 in Changhua and Yuanlin respectively. In 1992, the revenue has grown to NT\$2.572 billion, became the 213<sup>th</sup> largest companies in Taiwan.
6. In May 1993, capital increase of NT\$75,000,000 from earning and Capital surplus transferred to capital increase of NT\$25,000,000, capital had been increased up to NT\$0.6 billion.
7. In June 1993, Brand Name 『Sea Gull』 received "Private Branding" Minister Award from Ministry of Economic Affairs.
8. In August 1993, due to the Business performance was recognized by the Society, received the top winning trophy for the 2<sup>nd</sup> National SME outstanding Award. And chairman of the company was summoned by President Lee personally.
9. In 1994, added 2 more additional high-speed friction false twisting machines, increased the capacity for the production of yarns processing to 3,250 tons per month, also imported Japan's latest T2 computer tension monitoring system and received the counseling on ISO quality management system certification, expected to lead the industry upgrading into the top industrial automation filed.
10. In May 1994, applied for capital increase of NT\$120,000,000 from earning, capital had been increased up to NT\$0.72 billion.

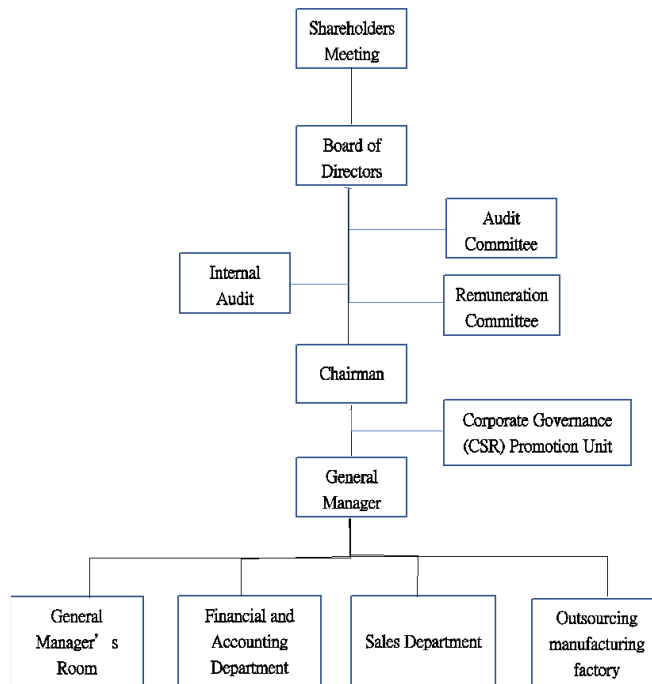
11. On October 20, 1994, the Company received the approval from Taiwan Stock Exchange and have become a Public Stock Listed Company.
12. In April 1995, received ISO 9002 approval.
13. In 1995, applied for cash capital increase of NT\$0.18 billion, built Factory 2 in ChangHua, and added 15 high-speed friction false twisting machines, in the same year applied for capital increase from earning and capital surplus transferred to capital increase of NT\$225,000,000, capital had been increased up to NT\$1.125 billion.
14. In 1996, applied for cash capital increase of NT\$0.45 billion, added 15 high-speed friction false twisting machines, in the same year applied for capital increase from earning and capital surplus transferred to capital increase of NT\$225,000,000, capital had been increased up to NT\$1.8 billion.
15. In 1997, applied for cash capital increase of NT\$0.54 billion, purchased another 19 high-speed friction false twisting machines, in the same year applied for capital increase from earning and capital surplus transferred to capital increase of NT\$360,000,000, capital had reached to NT\$2.7 billion.
16. In 1998, applied for capital increase from earning and capital surplus transferred to capital increase of NT\$540,000,000, capital had been increased to NT\$3.24 billion.
17. In 1999, applied for capital increase from earning and capital surplus transferred to capital increase of NT\$583,200,000, capital had been increased to NT\$3.8232 billion.
18. In 2001, buyback company stocks reduced capital of NT\$100,000,000, capital had been decreased to NT\$3.7232 billion.
19. In 2003, buyback company stocks reduced capital of NT\$70,000,000, capital had been decrease to NT\$3.6532 billion.
20. In 2008, buyback company stocks reduced capital of NT\$1,095,960,000, capital had been decreased to NT\$2.55724 billion.
21. In 2008, buyback company stocks reduced capital of NT\$187,240,000, capital had been decreased to NT\$2.37 billion.
22. In 2009, buyback company stocks reduced capital of NT\$118,490,000, capital had been decreased to NT\$2.25151 billion.
23. In 2010, applied for cash capital increase of NT\$0.5 billion, repay the company's bank loan. Capital had been reached to NT\$2.75151 billion.
24. In 2011, applied for cash capital increase of NT\$0.5 billion and issued first unsecure convertible domestic bond, converted into capital of NT\$300,000,000, purchased lands and factories etc. equipment. Capital had been reached to NT\$3.25151 billion.
25. In 2011, applied for capital increase from earning of NT\$88,048,200 and converted bond into capital of NT\$39,187,600, capital had been reached to NT\$3.378746 billion.
26. In 2012, buyback company stocks reduced capital of NT\$200,000,000, capital had been decreased to NT\$3.178746 billion.
27. In 2014, applied for capital increase from earning of NT\$127,149,840 and converted bond into capital of NT\$45,744,680, capital had been reached to NT\$3.35164044 billion.
28. In 2016, applied for cash capital reduced of NT\$335,164,040, after reduction capital was NT\$3.0164764 billion.

- (1) The most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report, information on the company merger and acquisition activities: None.
- (2) Investments in affiliated enterprises; corporate reorganization: None.
- (3) A major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or otherwise changes hands: None.
- (4) Any change in managerial control: None.
- (5) Any material change in operating methods or type of business: None.
- (6) Any other matters of material significance that could affect shareholders' equity and its impact on the company: None.

### III. Corporate Governance Report

#### 1. Organizational System

(1) Organizational Chart :



(2) Department functions :

1. General Manager's Room : Company policy's plan, established, information, personnel administration, general affairs and leasing assets management, etc.
2. Financial and Accounting Department : Company cash management, financial management, capital movement and accounting treatment, public information disclosure, etc.
3. Sales Department : All kinds of man-made fibers products purchases and sales, and sales of vehicle webbing and export business.
4. Outsourcing manufacturing factory : Procuring raw materials of vehicle webbing, outsourcing manufacturing management, products research and development, after sales service, quality management and outgoing management control, etc.

**2. Information on the company's directors, supervisors, general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branch units :**

(1) Board director and supervisor :

1.Board director and supervisor

Date : March 31, 2022

Title	Nationality	Name	Gender	Date Elected	Term (years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others		Main Experience( Education)	Current Positions at the Company and Other Company	Executives, Director or Supervisors who are spouses or within two degree of kinship			Remark	
							Share	%	Share	%	Share	%	Share	%			Title	Name	Relation		
Chairman	ROC	Chan, Cheng-Tien	Male 71-80 age	2021 08 04	3	1991 01 07	25,101,494	8.29%	24,010,494	7.96%	2,053,074	0.68%	0	0	High School	1.Yi Jinn Industrial Co. Ltd. Chairman 2.Kwang Ming Silk Mill Co. Ltd. Chairman 3.Yi Tong Fiber Co. Ltd. Chairman 4.Hung Chou Fiber Co. Ltd. Chairman 5. Da Tien International Development Co., Ltd. Chairman 6. Dayi International Development Co., Ltd Chairman 7. Xin Mao investment Co., Ltd. Chairman 8. Oriental Union Chemical Corporation Independent Director	Director Director	Cheng Yu Jing Chan Yi Chin	Spouse Father& daughter	None	
Director	ROC	Chan, Yi-Chin	Female 31-40 age	2021 08 04	3	2011 06 10	2,916,961	0.97%	2,916,961	0.97%	0	0	0	0	Collage	1. Yi Jinn Industrial Co. Ltd. Director 2. Kwang Ming Silk Mill Co. Ltd. Supervisor 3. Hung Chou Fiber Co. Ltd. Director	Chairman Director	Chan Cheng Tien Cheng Yu Jing	Father&d aughter Mother& daughter	None	
Director	ROC	Cheng, Yu-Jing	Female 61-70 age	2021 08 04	3	2016 06 09	2,053,074	0.68%	2,053,074	0.68%	24,010,494	7.96%	0	0	Collage	1. Yi Jinn Industrial Co. Ltd. Director 2. Xin Mao investment Co., Ltd. Supervisor 3. Yi Tong Fiber Co. Ltd. Director 4. Hung Chou Fiber Co. Ltd. Director 5. Kwang Ming Silk Mill Co. Ltd. Director 6. Da Tien International Development Co., Ltd. Supervisor 7. Dayi International Development Co., Ltd Supervisor	Chairman Director	Chan Cheng Tien Chan Yi Chin	Spouse Mother& daughter	None	
Director	ROC	Lai, Yu-Min	Female 51-60 age	2021 08 04	3	2016 06 09	492,916	0.16%	492,916	0.16%	0	0	0	0	Junior Collage	1. Yi Jinn Industrial Co. Ltd. Deputy General Manager 2. Xin Mao investment Co., Ltd. Director 3. Da Tien International Development Co., Ltd Director 4. Dayi International Development Co., Ltd. Director 5. Nice Plaza Co., Ltd. Director	None	None	None	None	None
Director	ROC	Weng, Mao-Cheng	Female 61-70 age	2021 08 04	3	2014 01 01	480,343	0.16%	480,343	0.16%	0	0	0	0	Collage	1. Yi Jinn Industrial Co. Ltd. General Manager 2. Xin Mao investment Co., Ltd. Director	None	None	None	None	None

Title	Nationality	Name	Gender	Date Elected	Term (years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others		Main Experience (Education)	Current Positions at the Company and Other Company	Executives, Director or Supervisors who are spouses or within two degree of kinship			Remark
							Share	%	Share	%	Share	%	Share	%			Title	Name	Relation	
Director	ROC	Chen, Meng-Wu	Male 71~80 age	2021 08 04	3	2010 12 06	0	0%	0	0%	0	0%	0	0%	Master's Degree	1. LEATEC Fine Ceramics Co., Ltd. Independent Director	None	None	None	None
Independent Director	ROC	Chen, Shiou- Chung	Male 71~80 age	2021 08 04	3	2020 06 11	0	0%	0	0%	0	0%	0	0%	Collage	1. Tah Tong Textile Co., Ltd. Chairman 2. Everest Textile Co., Ltd. Independent Director 3. Great Bell Printing & dyeing Co., Ltd. Director	None	None	None	None
Independent Director	ROC	Lai, Sun-Quae	Male 61~70 age	2021 08 04	3	2017 06 16	0	0%	0	0%	0	0%	0	0%	PhD	1. PhytoHealth Corporation Independent Director 2. Topco Quartz products Co., Ltd. legal representative director 3. LEATEC Fine Ceramics Co., Ltd. Independent Director 4. SYSAGE Technology Co., Ltd. Independent Director	None	None	None	None
Independent Director	ROC	Huang, Tien-Chang	Male 71~80 age	2021 08 04	3	2018 06 01	0	0%	0	0%	0	0%	0	0%	Master's Degree	1. Heran Co., Ltd. Independent Director 2. Concord Securities Co., Ltd. Independent Director	None	None	None	None

Note 1 : For directors and supervisors acting (as the representatives of corporate shareholders, shall indicate the names of the corporate shareholders). and shall fill in the following table I.

Note 2 : Please list the actual age and express it in a range, such as 41~50 years old or 51~60 years old.

Note 3 : Fill in the date of first elected as a director or supervisor of the company. If there is any interruption, it shall be noted.

Note 4 : The experience related to the current position, if the person has worked in a CPA firm or affiliated company during the previous disclosure period, shall state the job title and the responsible position.

Note 5 : Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (For example, the number of independent directors seats shall be increased, and a majority of the directors may not serve concurrently as an employee or managerial officer) .

2. Information on Professional Qualifications of Directors and Supervisors and Independence of Independent Directors :

Name \ Qualifications	Principal work experience and professional qualifications (Note 1)	Status of independence (Note 2)	Number of other Companies of public offering Where the board director or supervisor serves as independent director
Chan, Cheng-Tien	High School Hung Chou Fiber Co. Ltd. Chairman Kwang Ming Silk Mill Co. Ltd. Chairman Oriental Union Chemical Corporation Independent Director Taiwan Textile Federation Chairman	Chairman of the Company	1
Chan, Yi-Chin	Collage Hung Chou Fiber Co. Ltd. Director Kwang Ming Silk Mill Co. Ltd. Supervisor	Second degree kinship of Chairman of the Company	0
Cheng, Yu-Jing	Collage Hung Chou Fiber Co. Ltd. Director Kwang Ming Silk Mill Co. Ltd. Director	Spouse of Chairman of the Company	0
Lai, Yu-Min	Junior Collage Yi Jinn Industrial Co. Ltd. Deputy General Manager	Deputy General Manager of the Company	0
Weng, Mao-Cheng	Collage Yi Jinn Industrial Co. Ltd. General Manager	General Manager of the Company	0
Chen, Meng-Wu	Master's Degree Small and Medium Enterprise Modernization Research Foundation Chairman Deloitte Chief of Operations	None (Note 2)	1
Lai, Sun-Quae (Independent Director)	Master's Degree CSBC Corporation, Taiwan Chairman Small and Medium Enterprise Administration Director General Topco Scientific Co., Ltd. Chairman	None (Note 2)	3
Huang, Tien-Chang (Independent Director)	Master's Degree Taiwan Business Bank Co., Ltd. Chairman Trust Association of R.O.C. Chairman Mega International Commercial Bank Co., Ltd. Managing Independent Director	None (Note 2)	2
Chen, Shiou-Chung (Independent Director)	Collage Tah Tong Textile Co., Ltd. Chairman Taiwan Spinner's Association Executive Director Taiwan Textile Federation Executive Director Taiwan Textile Research Institute Director Chinese National Federation of Industries Industry Consultant	None (Note 2)	1

Note 1 : Professional Qualifications and Experience : Specify the professional qualifications and experience of individual directors and supervisors, and if they are members of the Audit Committee and have accounting or financial expertise, describe their accounting or financial background and work experience, and state whether they have not been subject to the provisions of Article 30 of the Company Act.

Note 2 : The independent directors shall be stated the independence status, including but not limited to whether he/she, his/her spouse, his/her second degree of kinship or other relatives are directors, supervisors or employees of the Company or its affiliates; the number and proportion of shares held by him/her, his/her spouse, his/her second degree of kinship or other relatives (or by using the name of others); whether he/she is a director, supervisor or employee of a company with a specific relationship with the Company (refer to Article 3, Item 1, Paragraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation.

Note 3 : None of the directors of the company has any of the conditions specified in Article 30 of the Company Act.

### 3. The composition of the board of directors shall be determined by taking diversity

The composition of the board of directors of the company shall consider diversification. In addition to the fact that the number of directors who are also managers of the company shall not exceed one-third of the seats of the board of directors, an appropriate diversification policy shall be formulated according to their own operation, operation pattern and development needs. It shall include but not be limited to the following two major criteria :

1. Basic conditions and values : gender, age, nationality and culture, etc.
2. Professional knowledge and skills : professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience, etc. The board members shall have the knowledge, skills and qualities necessary for performing their duties. In order to achieve the ideal goal of corporate governance, the board of directors shall have the following abilities : 1. Operational judgment ability. 2. Accounting and financial analysis ability 3. Management administration ability. 4. Conduct crisis management ability. 5. Industrial knowledge. 6. Perspective of international market. 7. Leadership. 8. Decision making ability.

Name	Nationality	Gender	Operational judgment ability	Accounting and financial analysis ability	Management administration ability	Conduct crisis management ability	industrial knowledge	Perspective of international market	Leadership	Decision making ability
Chan, Cheng-Tien	ROC	Male	V	V	V	V	V	V	V	V
Chan, Yi-Chin	ROC	Female	V		V	V		V	V	V
Lai, Yu-Min	ROC	Female	V		V	V		V	V	V
Weng, Mao-Cheng	ROC	Male	V	V	V	V		V	V	V
Cheng, Yu-Jing	ROC	Female	V		V	V	V	V	V	V
Chen, Meng-Wu	ROC	Male	V	V	V	V		V	V	V
Lai, Sun-Quae	ROC	Male	V	V	V	V		V	V	V
Chen, Shiou-Chung	ROC	Male	V	V	V	V		V	V	V
Huang, Tien-Chang	ROC	Male	V	V	V	V	V	V	V	V
Diversified policy objectives (seats)		2	8	4	8	8	3	6	6	6
Achievement of diversification policy		qualify	qualify	qualify	qualify	qualify	qualify	qualify	qualify	qualify

After evaluating the nine board members (including three independent directors) of the Company, all of whom meet the Company's target of the eight competencies, and in order to improve the above-mentioned diversified professional knowledge and skills of directors, the company will give priority to recommend or enroll the above courses for directors when handling three-hour continuing education plan annually for directors, and the cost of the courses will be paid by the company in full.



#### 4 .Board Independence :

The Company's Board of Directors continually evaluates the independence of its directors, taking into account all relevant factors, including: whether the relevant director consistently raises constructive questions for management or other directors, whether the views expressed are being independent from management or other directors, and the appropriateness of his or her conduct, both in and out the Board.

The number of independent directors of the Company is three, accounting for one-third of the total number of nine directors. There are no circumstances between the independent directors and the Company or the members of the board of directors, such as those stipulated in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act. Although three of the Company's directors (including the chairman) are relatives, including spouses and second degree of kinship, and two of the Company's directors are managers of the Company, the board of directors shall recuse himself/herself from any discussion or voting on any resolution in which a director has an interest, and shall refer the resolution to the independent directors and disinterested directors for discussion and vote in order to maintain the independence of the Company's board of directors.

(3) Information of general manager, deputy general manager, associate manager, managers of departments and branches :

March 31, 2022

Title (Note 1)	Nationality	Name	Gender	Inauguration date	Shareholding		Spouses & Minor Shareholding		Current Shareholding in the name of others		Experience (Education) (Note 2)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship			Remark (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	R.O.C.	Weng, Mao-Cheng	Male	2015.03.26	522,343	0.17%	0	0%	0	0%	Collage	Xin Mao investment Co., Ltd. Director	None	None	None	None
Deputy General Manager	R.O.C.	Chang, Heng- Chia	Male	2020.11.12	149,417	0.05%	0	0%	0	0%	Junior Collage	1.Hung Chou Fiber Co. Ltd. Director 2.Dayi International Development Co., Ltd. Director 3. Yi Tong Fiber Co. Ltd. Director	None	None	None	None
Deputy General Manager	R.O.C.	Lai, Yu- Min	Female	2020.11.12	534,916	0.18%	0	0%	0	0%	Junior Collage	1. Xin Mao investment Co., Ltd. Director 2. Da Tien International Development Co., Ltd Director 3. Dayi International Development Co., Ltd. Director 4. Nice Plaza Co., Ltd. Director	None	None	None	None

Note1 : The information on the company's general manager, deputy general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branch units, and someone of an equivalent post shall be disclosed.

Note 2 : The experience related to the current position, if the person has worked in a CPA firm or affiliated company during the previous disclosure period, shall state the job title and the responsible position.

Note3 : Where the general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, the information shall be given.

(4). Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto : None

### 3. Remuneration paid during the most recent fiscal year to directors, supervisors, the general manager, and assistant general managers

#### (1) Remunerations of Directors and Independent Directors

Title	Name	Remuneration of Director								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)		Remuneration from other jobs								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit (Note 10)		Remuneration from re-invested businesses other than subsidiaries (Note 11)
		Remuneration (A) (Note 2)		Retirement pension (B)		Director remuneration (C) (Note 3)		Business execution expenses (D) (Note 4)				Remuneration, bonus and special fees (E) (Note 5)		Retirement pension (F)		Employee remuneration (G) (Note 6)						
		The Company	All Companies in the consolidated financial statement (Note 7)	The Company	All Companies in the consolidated financial statement (Note 7)	The Company	All Companies in the consolidated financial statement (Note 7)	The Company	All Companies in the consolidated financial statement (Note 7)	The Company	All Companies in the consolidated financial statement (Note 7)	The Company	All Companies in the consolidated financial statement (Note 7)	The Company	All Companies in the consolidated financial statement (Note 7)	Cash	Share	Cash	Share	The Company	All Companies in the consolidated financial statement (Note 7)	
Director	Chan, Cheng-Tien	2,373	6,073	0	0	1,013	2,392	180	621	1.78%	4.52%	0	1,201	0	0	0	0	263	0	1.78%	5.26%	None
Director	Chan, Yi-Chin	0	0	0	0	538	608	180	480	0.36%	0.54%	0	596	0	0	0	0	150	0	0.36%	0.91%	None
Director	Cheng, Yu-Jing	0	0	0	0	538	1,008	180	621	0.36%	0.81%	0	693	0	0	0	0	150	0	0.36%	1.23%	None
Director	Weng, Mao-Cheng	0	0	0	0	838	838	180	180	0.51%	0.51%	1,934	1,934	0	0	300	0	300	0	1.62%	1.62%	None
Director	Lai, Yu-Min	0	0	0	0	838	838	180	180	0.51%	0.51%	977	977	0	0	200	0	200	0	1.09%	1.09%	None
Director	Chen, Meng- Wu	0	0	0	0	538	538	180	180	0.36%	0.36%	0	0	0	0	0	0	0	0	0.36%	0.36%	None
Independent Director	Chen, Shiou-Chung	0	0	0	0	0	0	640	640	0.32%	0.32%	0	0	0	0	0	0	0	0	0.32%	0.32%	None
Independent Director	Lai, Sun-Quae	0	0	0	0	0	0	640	640	0.32%	0.32%	0	0	0	0	0	0	0	0	0.32%	0.32%	None
Independent Director	Huang, Tien-Chang	0	0	0	0	0	0	620	620	0.31%	0.31%	0	0	0	0	0	0	0	0	0.31%	0.31%	None

Please describe the compensation policy, system standards/packages, procedures and the linkage to operating performance and future risk exposure to the Independent directors The total compensation paid to the Independent director is decided based on each Independent director's participation in company operations, contribution and take into consideration of company performance. It is reviewed by the Compensation Committee then presented to the board of directors for approval.

Except for the disclosure in the table above, the remuneration received by the directors of the company for services to all companies in the financial report in the most recent year (such as non-employee consultants) : NTS 0.

Range of Remunerations

Range of remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the consolidated financial statement (Note 9) H	The Company (Note 8)	All companies in the consolidated financial statement (Note 9) I
Lower than NT\$ 1,000,000	Huang, Tien-Chang, Lai, Sun-Quae, Chen, Shiou-Chung Chan, Yi-Chin, Cheng, Yu-Jing, Chen, Meng-Wu	Huang, Tien-Chang, Lai, Sun-Quae, Chen, Shiou-Chung Chen, Meng-Wu,	Huang, Tien-Chang, Lai, Sun-Quae, Chen, Shiou-Chung Chan, Yi-Chin, Cheng, Yu-Jing, Chen, Meng-Wu	Huang, Tien-Chang, Lai, Sun-Quae, Chen, Shiou-Chung Chen, Meng-Wu
NT\$ 1,000,000 (included) ~ NT\$ 2,000,000 (excluded)	Lai, Yu-Min, Weng, Mao-Cheng	Chan Yi Chin, Cheng, Yu-Jing, Lai, Yu-Min, Weng, Mao-Cheng	Lai, Yu-Min,	Chan, Yi-Chin,
NT\$ 2,000,000 (included) ~ NT\$ 3,500,000 (excluded)			Weng Mao Cheng	Cheng, Yu-Jing, Lai, Yu-Min, Weng, Mao-Cheng
NT\$ 3,500,000 (included) ~ NT\$ 5,000,000 (excluded)	Chan, Cheng-Tien		Chan, Cheng-Tien	
NT\$ 5,000,000 (included) ~ NT\$ 10,000,000 (excluded)		Chan, Cheng-Tien		
NT\$ 10,000,000 (included) ~ NT\$ 15,000,000 (excluded)				Chan, Cheng-Tien
NT\$ 15,000,000 (included) ~ NT\$ 30,000,000 (excluded)				
NT\$ 30,000,000 (included) ~ NT\$ 50,000,000 (excluded)				
NT\$ 50,000,000 (included) ~ NT\$ 100,000,000 (excluded)				
NT\$ 100,000,000 or more				
Total	9 people	9 people	9 people	9 people

Note 1 : The Directors' names shall be listed separately (if a corporate shareholder, the corporate name and the representative's name should be listed separately), and the payments shall be consolidated for disclosure. If the director is also the general manager or deputy general manager, shall fill in this table and table (3-1), or table (3-2) and (3-2-1) and (3-2-2).

Note 2 : The Director's remuneration for the most recent year (including salary, job allowances, severance payment, various bonuses and incentives).

Note 3 : The latest amount of Director's remuneration as passed by the board of directors.

Note 4 : The latest annual business execution expenses of the Director (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount shall not be included in the remuneration.

Note 5 : The latest salary, job allowances, severance payment, various bonuses, incentives, car expenses, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions for the Director's other jobs (including the positions of General Manager, Deputy General Manager, Manager and other positions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration. According to IFRS 2's recognition of remuneration in "Share-Based Payments", the remuneration shall include employee stock options, restricted-right employee shares and share subscription from participation in cash capital increase.

Note 6 : If a Director receives employee remuneration (including stock and cash) on his/her other job(s) (including the positions of General Manager, Deputy Manager, Manager and other positions) in the latest year, please disclose the amount of employee remuneration as passed by the board of directors in the latest year. If the amount cannot be estimated, it shall be calculated based on the percentage of the actual amount distributed last year, and Appendix 1-3 shall be filled out.

Note 7 : The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's Director shall be disclosed.

Note 8 : The total remuneration paid by the Company to each Director; the Director's name shall be disclosed in the respective tier.

Note 9 : The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's Directors shall be disclosed, and the Director's names shall be disclosed in the respective tier.

Note 10 : Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note 11 : a. In this field the amount of remuneration paid to the Director by the Company's re-invested businesses other than the subsidiaries shall be clearly indicated.

b. If the Director receives remuneration from the Company's re-invested businesses other than the subsidiaries, such remuneration should be incorporated into column I of the Remuneration Tiers Table, and the name of the field shall be changed to "All re-invested businesses".

c. Remuneration refers to the compensation, reward (including that for an employee, director or supervisor) and business execution expenses received by the Company's Director for acting as a director, supervisor or manager of the Company's re-invested businesses other than the subsidiaries.

\* The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

(2) Remunerations of general manager and deputy general managers

Title	Name	Salary (A)(Note 2)		Retirement pension (B)		Bonus and special fees (C) (Note 3)		Employee remuneration (D) (Note 4)				The sum of A, B, C and D as a percentage of after-tax net profit(%) (Note 8)		Remuneration from reinvested businesses other than subsidiaries (Note 9)
		The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company		Companies in the consolidated financial statements (Note 5)		The Company	Companies in the consolidated financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
General Manager	Weng, Mao-Cheng	1,934	1,934	0	0	0	0	300	0	300	0	1.11%	1.11%	None
Deputy General Manager	Chang, Heng-Chia	986	986	0	0	0	0	200	0	200	0	0.59%	0.59%	None
Deputy General Manager	Lai, Yu-Min	977	977	0	0	0	0	200	0	200	0	0.59%	0.59%	None

Note : The company shall not require to disclose the 5 highest remunerations paid to top managers.

Range of Remuneration

Range of Remuneration (NT\$)	Name of General Manager and Deputy General Manager	
	The Company (Note 6)	Companies in the consolidated financial statements (Note 7) E
Lower than NT\$ 1,000,000		
NT\$1,000,000 ( included ) ~NT\$2,000,000 ( excluded )	Chang, Heng-Chia, Lai, Yu-Min	Chang, Heng-Chia, Lai, Yu-Min
NT\$2,000,000 ( included ) ~NT\$3,500,000 ( excluded )	Weng, Mao-Cheng,	Weng, Mao-Cheng,
NT\$3,500,000 ( included ) ~NT\$5,000,000 ( excluded )		
NT\$5,000,000 ( included ) ~NT\$10,000,000 ( excluded )		
NT\$10,000,000 ( included ) ~NT\$15,000,000 ( excluded )		
NT\$15,000,000 ( included ) ~NT\$30,000,000 ( excluded )		

NT\$30,000,000 ( included ) ~NT\$50,000,000 ( excluded )		
NT\$50,000,000 ( included ) ~NT\$100,000,000 ( excluded )		
NT\$100,000,000 or more		
Total	3 people	3 people

Note 1 : The General Manager's and the Deputy General Managers' names shall be listed separately, and the payments should be consolidated for disclosure. If the director is also the general manager or deputy general manager, shall fill in this table and table (1-1), or table (1-2-1) and (1-2-2).

Note 2 : The latest amount of the General Manager's and the Deputy General Managers' salary, job allowances and severance payment.

Note 3 : The latest annual business execution expenses of the General Manager and the Deputy General Managers (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount shall not be included in the remuneration. According to IFRS 2's recognition of remuneration in "Share-Based Payments", the remuneration shall also include employee stock options, restricted-right employee shares and share subscription from participation in cash capital increase.

Note 4 : The employee remuneration (including stock and cash) distributed to the General Manager or Deputy General Manager as approved by the board of directors in the latest year. If the amount cannot be estimated, it shall be calculated based on the percentage of the actual amount distributed last year, and Appendix 1-3 should be filled out.

Note 5 : The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's General Manager and Deputy General Managers shall be disclosed.

Note 6 : The total remuneration paid by the Company to each General Manager and Deputy General Manager; the General Manager's and the Deputy General Managers' names are disclosed in the respective tiers.

Note 7 : The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's General Manager and Deputy General Managers should be disclosed, and the General Manager's and the Deputy General Managers' names shall be disclosed in the respective tier.

Note 8 : Net profit after tax refers to the net after-tax profit for the latest year.

Note 9 : a. In this field the amount of remuneration paid to the General Manager or the Deputy General Managers by the Company's re-invested businesses other than the subsidiaries shall be clearly indicated. (If none, please fill in "None" )

b. If the General Manager and Deputy General Managers receive remuneration from the Company's re-invested businesses other than the subsidiaries, such remuneration shall be incorporated into column E of the Remuneration Tiers Table, and the name of the field shall be changed to "All re-invested businesses".

c. Remuneration refers to the compensation, reward (including that for an employee, director or supervisor) and business execution expenses received by the Company's General Manager or Deputy General Manager for acting as a director, supervisor or manager of the Company's re-invested businesses other than the subsidiaries.

\* The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

### (3) Managers with Employee Remuneration Distribution

#### Managers with Employee Remuneration Distribution

March 31, 2022

	Title (Note 1)	Name (Note 1)	Stock Bonus	Cash Bonus	Total	Ratio of Total Amount to Net Income (%)
Manager	General Manager	Weng, Mao-Cheng	0	700,000	700,000	0.35%
	Deputy General Manager	Chang, Heng-Chia				
	Deputy General Manager	Lai, Yu-Min				

Note 1 : The names and titles shall be listed separately, and the remuneration distribution may be consolidated for disclosure.

Note 2 : The latest amount of the manager's employee remuneration as passed by the board of directors (including shares and cash) in the latest year. If the amount cannot be estimated, it shall be calculated based on the percentage of the actual amount distributed last year. Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note 3 : The definition of manager, as governed by the letter of the SFC on March 27, 2003 with a reference no. of Tai-Tsai-Cheng III 0920001301, is as follows:

- (1) General manager and equivalent.
- (2) Deputy general manager and equivalent.
- (3) Associate and equivalent.
- (4) Head of financial department.
- (5) Head of accounting department
- (6) Other people who have the right to manage the company's affairs and are the company's authorized signatories.

Note 4 : If the director, general manager and deputy general manager receive employee remuneration (including shares and cash), except fill in Appendix 1-2, shall also fill in this table.

- (4). Analysis of the proportion of the total remuneration of directors, supervisors, general managers and deputy general managers of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in individual financial statements of the recent two years. Explanation of remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

- 1 . Analysis of the ratio of total remuneration paid to the Directors, Supervisors, General Manager and Deputy General Managers of the Company by the Company and all the companies in the consolidated statements in the last two years to net profit after tax:

Year Title	Ratio of total remuneration to net profit after tax (%)			
	2020	2020 consolidated	2021	2021 consolidated
Director	3.04%	4.42%	6.51%	11.43%
General Manager and Deputy General Managers	0.91%	0.91%	2.29%	2.29%

The Company's after-tax net income for 2021 was lower than that of 2020, and the amount of directors' remuneration and the amount of general managers and deputy general managers were also lower than that of 2020. However, the ratio of remuneration increased mainly due to two directors receiving salaries and bonuses as concurrent employees, which resulted in the decrease in net income



and the increase in the ratio calculated for the period. The remuneration of the Company's directors and managers are approved by the remuneration committee and shall be reasonable.

2. The correlation among the remuneration payment policy, standards and combinations, the procedures for setting the remuneration and the business performance :
- (1) Remuneration to directors and supervisors is in accordance with Article 17 of the Company's Articles of Incorporation, authorizes the board meeting refer to the industrial level to pay to.
  - (2) The remunerations paid to general managers and deputy general managers including salary and bonus etc. are based on their responsibility and contribution to the Company. The calculation is also referred to the industrial level.
  - (3) The remunerations paid to the directors, general manager and deputy general manager are well-considered the Company's revenues and correlation of operation performance.
  - (4) The company has established the remuneration committee on December 27, 2011. Regular review and set the salary and remuneration of directors, supervisors and managers.

#### 4. Implementation of Corporate Governance :

##### (1) Board of Directors :

7 Board meetings (A) were held in most recent year (2021). Directors and Independent Directors attendance was as follows :

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance rate (%) (B/A) (Note 2)	Remarks
Chairman	Chan Cheng Tien	7	0	100.00%	
Director	Chan Yi Chin	0	0	0.00%	
Director	Chen Meng Wu	6	0	85.71%	
Director	Weng Mao Cheng	7	0	100.00%	
Director	Lai Yu Min	6	1	85.71%	
Director	Cheng Yu Jing	7	0	100.00%	
Independent Director	Lai Sun Quae	5	2	71.42%	
Independent Director	Huang Tien Chang	7	0	100.00%	
Independent Director	Chen Shiou Chung	6	1	85.71%	

Other matters required to be recorded :

1. If there are the circumstances referred to the following issue, the Company shall specify the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion :

(1) The matters listed in Article 14-3 of the Securities Exchange Act :

Date of meeting	Session	Contents of motions and resolution result
2021/03/25	2021-1	<p>* Discussion on the distribution of employees' and directors' remuneration of the Company in 2020            Director Chan Cheng Tian, director Cheng Yu Jing, director Chen Meng Wu, director Weng Mao Cheng and director Lai Yu Min of the Company are the interested parties in this case. When requesting to discuss the remuneration of individual directors, they recuse the discussion and resolution and acting chairman of the board of directors Lai Sun Quae is invited to discuss and resolve the case.</p>
		<p>Opinions of independent directors : No objection or unqualified opinion            The Company's handling of the opinions of independent directors : not applicable            Resolution : Except for individual directors who shall recuse from the discussion and voting accordance with the law, the rest directors present raised no objection and passed the resolution and presented to the shareholders' meeting for report.</p>
		<p>* Discussion on the amendment of the Company's 'Articles of Incorporation', 'Guidelines Governing Election of Directors'</p>
		<p>Opinions of independent directors : No objection or unqualified opinion            The Company's handling of the opinions of independent directors : not applicable            Resolution : The chairman consulted all the directors present and agreed to pass the resolution as proposed and presented to the shareholders' meeting for discussion.</p>
		<p>* Discussion on the amendment of the Company's 'Codes of Ethical Conduct', 'Procedures for Ethical Management and Guidelines for Conduct'</p>
		<p>Opinions of independent directors : No objection or unqualified opinion            The Company's handling of the opinions of independent directors : not applicable            Resolution : The chairman consulted all the directors present and agreed to pass the resolution as proposed and presented to the shareholders' meeting for report.</p>
		<p>* Discussion on the amendment of the Company's 'Corporate Governance Best Practice Principles', 'Corporate Social Responsibility Best Practice Principles', 'Performance Evaluation of the Board of Directors'</p>
		<p>Opinions of independent directors : No objection or unqualified opinion            The Company's handling of the opinions of independent directors : not applicable            Resolution : The chairman consulted all the directors present and agreed to pass the resolution</p>
		<p>* Discussion on lifting the Non-Compete Restriction on new elected directors            Director Chan Cheng Tian, director Cheng Yu Jing, director Lai Yu Min and director Chen Shiou Chung of the Company are the interested parties in this case, they recuse the discussion and resolution and acting chairman of the board of directors Lai Sun Quae is invited to discuss and resolve the case.</p>
		<p>Opinions of independent directors : No objection or unqualified opinion            The Company's handling of the opinions of independent directors : not applicable            Resolution : Except for individual directors who shall recuse from the discussion and voting accordance with the law, the rest directors present raised no objection and passed the resolution and presented to the shareholders' meeting for discussion.</p>
		<p>* Discussion on the establishment of the Company's Corporate Governance Officer            Director Lai Yu Min of the Company is the interested parties in this case. When requesting to discuss this case, recuse himself from the discussion and voting.</p>
		<p>Opinions of independent directors : No objection or unqualified opinion            The Company's handling of the opinions of independent directors : not applicable            Resolution : The chairman consulted all the directors present and agreed to pass the resolution.</p>
<p>*Discussion on the evaluation of the independence and suitability of the Company's CPAs.</p>		

		Opinions of independent directors : No objection or unqualified opinion The Company's handling of the opinions of independent directors : not applicable Resolution : The chairman consulted all the directors present and agreed to pass the resolution.
2021/05/12	2021-2	None of the matters listed in Article 14-3 of the Securities and Exchange Act
2021/07/14	2021-3	* Discussion on lifting the Non-Compete Restriction on managers Director Lai Yu Min of the company is the interested parties in this case, is recused in accordance with the law.
		Opinions of independent directors : No objection or unqualified opinion The Company's handling of the opinions of independent directors : not applicable Resolution : Except for individual directors who shall recuse from the discussion and voting accordance with the law, the rest directors present raised no objection and passed the resolution.
2021/08/4	2021-4	None of the matters listed in Article 14-3 of the Securities and Exchange Act
2020/08/11	2021-5	* Discussion on the appointment of members of the 5 <sup>th</sup> Remuneration Committee It is proposed to appoint three independent directors, including Mr. Lai Sun Quae, Mr. Huang Tien Chang and Mr. Chen Shiou Chung, as members of the Remuneration Committee. Since independent directors Mr. Lai Sun Quae, Mr. Huang Tien Chang and Mr. Chen Shiou Chung are interested parties in this case, the three independent directors are requested to recuse themselves first.
		Opinions of independent directors : not applicable The Company's handling of the opinions of independent directors : not applicable Resolution : Except for individual directors who shall recuse from the discussion and voting accordance with the law, the rest directors present raised no objection and passed the resolution.
		* Discussion on the Company's proposal to increase the limits on the acquisition and disposal of listed company shares. Opinions of independent directors : No objection or unqualified opinion The Company's handling of the opinions of independent directors : not applicable Resolution : The chairman consulted all the directors present and agreed and passed the resolution.
2021/11/10	2021-6	* Discussion on the Company's donation of charitable funds. Director Chan Cheng Tian, director Cheng Yu Jing, director Lai Yu Min and director Weng Mao Cheng are the interested parties in this case, shall recuse discussion in accordance with the law.
		Opinions of independent directors: No objection or unqualified opinion The Company's handling of the opinions of independent directors : not applicable Resolution : Except for Director Chan Cheng Tian, director Cheng Yu Jing, director Lai Yu Min and director Weng Mao Cheng are the interested parties in this case, shall recuse discussion in accordance with the law. The rest of the directors present raised no objection and passed the resolution.
2021/12/24	2021-7	* Discussion on the proposal on the remuneration of directors and managers deliberated at the 1 <sup>st</sup> meeting of the 5 <sup>th</sup> Remuneration Committee of the company. Director Chan Cheng Tian, director Cheng Yu Jing, director Weng Mao Cheng (also the manager of the Company), director Lai Yu Min (also the manager of the Company) are the interested parties in this case, shall recuse discussion in accordance with the law.
		Opinions of independent directors : No objection or unqualified opinion The Company's handling of the opinions of independent directors : not applicable Resolution : Except for individual directors who shall recuse from the discussion and voting accordance with the law, the rest directors present raised no objection and passed the resolution.

\* Evaluation of the independence and suitability of the Company's CPAs :

The independence and suitability of the Company's CPAs has been evaluated by the board of directors on March 25, 2021, and the audit of the financial statements for the year ended December 31, 2020 was performed by Chang, Shu-Ying and Chih, Shih-Chin, Certified Public Accountants of KPMG Taiwan.

Pursuant to Item 3 of Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", the Company evaluates the independence and suitability of the appointed accountants at least once a year. In accordance with this provision, the Company has reviewed the independence and suitability of the accountants appointed by the Company with reference to the evaluation items set forth in the "The Norm of Professional Ethics for Certified Public Accountant of the Republic of China" No. 10, "Integrity, Objectivity and Independence", and has evaluated that the independence and suitability of the two accountants are in good standing.

(2) In addition, any resolution matters of board of directors with records or statement in writing that independent director has a dissenting opinion or qualified opinion : None.

2 . Recusal of directors from motions that may have concerns of conflict of interests, shall specify the name of director, contents of motions, the reason for recuse, and the resolution of voting shall be stated :

(1). Content of motion : 2021.03.25 (The 1<sup>st</sup> Board Meeting in 2021) Discuss the distribution of employees' and directors' remuneration of the Company in 2020.

Directors Recusal : Chan Cheng Tian, Cheng Yu Jing, Chen Meng Wu, Weng Mao Cheng and Lai Yu Min.

Reason for recusal and the resolution of voting : Director Chan Cheng Tian, director Cheng Yu Jing, director Chen Meng Wu, director Weng Mao Cheng and director Lai Yu Min of the Company are the interested parties in this case. When requesting to discuss the remuneration of individual directors, they recuse the discussion and resolution.

Except for chairman shall recuse from this case, acting chairman of the board of directors Lai Sun Quae is invited to discuss and resolve the relevant part of the chairman's motion

Except for chairman and the above-mentioned directors shall recuse from this case, and the resolution was discussed and passed without objection and presented to the shareholders' meeting for report.

(2). Content of motion : 2021/03/25 (The 1<sup>st</sup> Board Meeting in 2021) Discussion on lifting the Non-Compete Restriction on new elected directors

Directors Recusal : Chan Cheng Tian, Cheng Yu Jing, Lai Yu Min, Chen Shiou Chung

Reason for recusal and the resolution of voting : Director Chan Cheng Tian, director Cheng Yu Jing, director Lai Yu Min and director Chen Shiou Chung of the Company are the interested parties in this case, they recuse the discussion and resolution.

Except for chairman and the above-mentioned directors shall recuse from this case, acting chairman of the board of directors Lai Sun Quae is invited to discuss and resolve the relevant part of the chairman's motion.

Except for individual directors who shall recuse from the discussion and voting accordance with the law, the rest directors present raised no objection and passed the resolution and presented to the shareholders' meeting for discussion.

(3). Content of motion : 2021/03/25 (The 1<sup>st</sup> Board Meeting in 2021) Discussion on the establishment of the Company's Corporate Governance Officer

Director Recusal : Lai Yu Min.

Reason for recusal and the resolution of voting : Director Lai Yu Min of the Company is the interested parties in this case. When requesting to discuss this case, recuse himself from the discussion and voting.

The chairman consulted all the directors present and agreed to pass the resolution.

- (4). Content of motion : 2021/7/14 (The 3<sup>rd</sup> Board Meeting in 2021) Discussion on lifting the Non-Compete Restriction on managers

Director Recusal : Lai Yu Min.

Reason for recusal and the resolution of voting : Director Lai Yu Min of the company is the interested parties in this case, is recused in accordance with the law.

Except for individual directors who shall recuse from the discussion and voting accordance with the law, the rest directors present raised no objection and passed the resolution.

- (5). Content of motion : 2021/8/11 (The 5<sup>th</sup> Board Meeting in 2021) Discussion on the appointment of members of the 5<sup>th</sup> Remuneration Committee

Directors Recusal : Lai Sun Quae, Huang Tien Chang, Chen Shiou Chung

Reason for recusal and the resolution of voting : It is proposed to appoint three independent directors, including Mr. Lai Sun Quae, Mr. Huang Tien Chang and Mr. Chen Shiou Chung, as members of the Remuneration Committee. Since independent directors Mr. Lai Sun Quae, Mr. Huang Tien Chang and Mr. Chen Shiou Chung are interested parties in this case, the three independent directors are requested to recuse themselves first.

Except for individual directors who shall recuse from the discussion and voting accordance with the law, the rest directors present raised no objection and passed the resolution.

- (6). Content of motion : 2021/11/10 (The 6<sup>th</sup> Board Meeting in 2021) Discussion on the Company's donation of charitable funds.

Directors Recusal : Chan Cheng Tian, Cheng Yu Jing, Lai Yu Min, Weng Mao

Reason for recusal and the resolution of voting : Director Chan Cheng Tian, director Cheng Yu Jing, director Lai Yu Min and director Weng Mao Cheng are the interested parties in this case, shall recuse discussion in accordance with the law.

Except for Director Chan Cheng Tian, director Cheng Yu Jing, director Lai Yu Min and director Weng Mao Cheng are the interested parties in this case, shall recuse discussion in accordance with the law. The rest of the directors' present raised no objection and passed the resolution.

- (7). Content of motion : 2021/12/24 (The 7<sup>th</sup> Board Meeting in 2021) Discussion on the proposal on the remuneration of directors and managers deliberated at the 1st meeting of the 5<sup>th</sup> Remuneration Committee of the Company.

Directors Recusal : Chan Cheng Tian, Cheng Yu Jing, Weng Mao Cheng, Lai Yu Min.

Reason for recusal and the resolution of voting : Director Chan Cheng Tian, director Cheng Yu Jing, director Weng Mao Cheng (also the manager of the Company), director Lai Yu Min (also the manager of the Company) are the interested parties in this case, shall recuse discussion in accordance with the law.

Except for individual directors who shall recuse from the discussion and voting accordance with the law, the rest directors present raised no objection and passed the resolution.

3. The objectives of strengthening the functions of the board of directors in the current year and the most recent year (such as the establishment of an audit committee, the

enhancement of information transparency, etc.) and the evaluation implementation status :

- (1). According to the results of ‘ the performance evaluation of the board of directors’ in 2022, the average score of ‘ the Performance Evaluation of the board of directors’ was 4.9, which was close to excellent. The average score of ‘the Performance Evaluation of board members’ was 4.8, which was close to excellent. The average score of ‘performance evaluation of functional committees ’was 4.9, which was close to excellent. (Out of 5 points)
- (2). Evaluation implementation status of the Board of Directors (2022 The First Board of Directors 2022/2/16)

No.	Method (Note 1)	Period (Note 2)	Scope (Multiple-choice)	Evaluation content (Note 3)	Result (Note 4)	Remarks (Note 5)
1	Internal evaluation of the Board	2021.1.1~2021.12.31	The board of directors	The criteria for the board of directors performance evaluation : The degree of participation in the Company's operations. Improvement in the quality of decision making by the board of directors. The composition and structure of the board of directors. The election of the directors and their continuing education. Internal controls.	The average score was 4.8, which was close to excellent.	None
2	Performance Evaluation of Director	2021.1.1~2021.12.31	Individual board members	The criteria for evaluating the performance of the board members : Understanding of the Company's goals and missions. Knowledge about director's duties. The degree of participation in the Company's operations. Internal relation building and communication. Directors' professionalism and continuing education. Internal controls.	The average score was 4.7, which was close to excellent.	None
3	Evaluation of peers	2021.1.1~2021.12.31	Functional committees (Audit Committee, Compensation Committee)	The criteria for functional committees' performance evaluation cover the following five aspects : (The degree of participation in the Company's operations. Recognition of duties of the functional committees. Improvement of the decision-making quality of the functional committees. Composition and appointment of members of the functional committees. Internal controls.	The average score was 4.9, which was close to excellent.	None

4. To strengthen competency of the board of directors in current and recent years (e.g. to set up an Audit Committee, to enhance transparency of information, etc.) and assessment of implementation :

- (1) The operation of the board of directors of the Company is in accordance with the provisions of laws and regulations, the articles of incorporation and the resolutions of the shareholders' meeting. All directors have the necessary professional knowledge, skills and accomplishment to perform their duties, and the principle of good faith and the obligation to do their best to create the maximum benefits for all shareholders.

- (2) The Company has elected independent directors. The board of directors is also committed to establishing a good corporate governance system, improving the supervision function and strengthening the management function. In accordance with the provisions of the competent authority, it formulates the rules of procedure of the board of directors, including the main discussion contents, operating procedures, matters to be specified in the minutes, announcements and other matters to be followed, all of which shall be handled in accordance with the provisions.
- (3) The Company shall conduct annual performance evaluation of the board of directors, and strengthen the function of the board of directors. The internal audit unit shall conduct audit and prepare an audit report according to the annual audit plan. The monthly audit report shall be presented to independent directors and supervisors for review by the end of the next month, and reports to the board of directors on a quarterly basis.
- (4) On December 17, 2011, the board of directors of the company passed the resolution to set up the Remuneration Committee (the first session). On August 11, 2021, the board of directors elected the fifth Remuneration Committee. The new three remuneration committee members is all independent directors. Two meetings have been held in 2021 to review the remuneration policies of directors and managers and implementation of corporate governance
- (5) On June 1, 2018, the Company established an audit committee to replace the supervisor. In 2021, the Company held three meetings and presented the resolutions to the board of directors for resolution to implement the corporate governance.

(2) The operation of the audit committee or the participation of supervisors in the operation of the board of directors :

1. Highlights of the Audit Committee's annual functions and operations:

1. Highlights

The Company's Audit Committee, consisting of three independent directors, was established to assist the Board of Directors in overseeing the Company and enforcing the quality and ethics of accounting, financial reporting processes, auditing, and enhancing the effectiveness of corporate governance. The major highlights of 2021 :

- (1) Review of financial statements.
- (2) Review of the effectiveness of the internal control system and audit plan.
- (3) Review of significant transactions of assets.
- (4) Review of matters in which the directors have an interest.
- (5) Review the appointment of the CPA.
- (6) Review the amendments to regulations on the articles of incorporation, procedures for the election of directors, codes of ethical conduct, and procedures for ethical management.

2. Attendance of the independent directors of the Audit Committee for the most recent year (2021) :

The Company set up an audit committee to replace the supervisor on June 1, 2018. The three audit committee members is all independent directors. Their term of office is from June 1, 2018 to May 31, 2021. From January 1, 2021 to December 31, 2021, the audit

committee held three meetings (A). The attendance of the audit committee is as follows :

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Lai Sun Quae	3	0	100	Re-elected on August 4, 2021
Committee member	Huang Tien Chang	3	0	100	Re-elected on August 4, 2021
Committee member	Chen Shiou Chung	3	0	100	Re-elected on August 4, 2021

The Company's Audit Committee is composed of the entire number of independent directors and meets at least quarterly to deliberate on matters including :

1. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Evaluation of the effectiveness of the internal control system.
3. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
4. Matters in which a director is an interested party.
5. Asset transactions or derivatives trading of a material nature.
6. Loans of funds, endorsements, or provision of guarantees of a material nature.
7. The offering, issuance, or private placement of equity-type securities.
8. The hiring or dismissal of a certified public accountant, or their compensation.
9. The appointment or discharge of a financial, accounting, or internal audit officer.
10. Annual and semi-annual financial reports.
11. Other material matters as may be required by the Company or by the Taiwan competent authority.

Other matters required to be recorded :

A. Operation of the Audit Committee shall, if any of the following, specify date of meeting, period, contents of motions, resolution of Audit Committee and handling against opinions of Audit Committee.

(a) The matters listed in Article 14-5 of the Securities Exchange Act.

1. The 22nd meeting of the 1st session of the Audit Committee on March 25, 2021.

(1) Content of motion : Discussion on the company's financial statements and business report for 2020.

Independent directors' objection, reservation or material proposed items content :

None

Resolution of Audit Committee : The matter is approved by Committee members Lai Sun Quae, Huang Tien Chang and Chen Shiou Chung raised no objection, the proposal shall be presented to the board of directors for resolution.

The Company's Resolution of the Audit Committee's Opinion : The proposal shall be presented to the board of directors for resolution. The chairman consulted all the directors present and agreed and passed the resolution.

(2) Content of motion : Discussion on the company's earnings distribution in the second half of 2020.

Independent directors' objection, reservation or material proposed items content :

None



Resolution of Audit Committee : The matter is approved by Committee members Lai Sun Quae, Huang Tien Chang and Chen Shiou Chung raised no objection, the proposal shall be presented to the board of directors for resolution.

The Company's Resolution of the Audit Committee's Opinion : The proposal shall be presented to the board of directors for resolution. The chairman consulted all the directors present and agreed and passed the resolution.

- (3) Content of motion : Discussion on the amendment of the Company's 'Articles of Incorporation'

Independent directors' objection, reservation or material proposed items content : None

Resolution of Audit Committee : The matter is approved by Committee members Lai Sun Quae, Huang Tien Chang and Chen Shiou Chung raised no objection, the proposal shall be presented to the board of directors for discussion, The chairman consulted all the directors present and agreed and passed the resolution.

The Company's Resolution of the Audit Committee's Opinion : The proposal shall be presented to the board of directors for resolution. The chairman consulted all the directors present and agreed and passed the resolution.

3. The 1st meeting of the 2nd session of the Audit Committee on August 11, 2021.

- (1) Content of motion : Discussion on the 2020 second quarter financial statements of the Company and the quarterly financial statements and business report reviewed by CPA. Independent directors' objection, reservation or material proposed items content :

None

Resolution of Audit Committee : The matter is approved by Committee members Lai Sun Quae, Huang Tien Chang and Chen Shiou Chung raised no objection, the proposal shall be presented to the board of directors for resolution.

The Company's Resolution of the Audit Committee's Opinion : The proposal shall be presented to the board of directors for resolution. The chairman consulted all the directors present and agreed and passed the resolution.

- (2) Content of motion : Discussion on the Company's proposal to increase the limits on the acquisition and disposal of listed company shares. (The Board Meeting of 2020/8/11 has already approved to increase the acquisition and disposal limit of TCC and ACC to NT\$100 million. Since the yield and fundamentals of TCC and ACC are good, it is proposed to request the board of directors to authorize the Chairman to increase the acquisition and disposal limit of these two targets to NT\$200 million.)

Independent directors' objection, reservation or material proposed items content : None.

Resolution of Audit Committee : The matter is approved by Committee members Lai Sun Quae, Huang Tien Chang and Chen Shiou Chung raised no objection, the proposal shall be presented to the board of directors for resolution.

The Company's Resolution of the Audit Committee's Opinion : The proposal shall be presented to the board of directors for resolution. The chairman consulted all the directors present and agreed and passed the resolution.

- (b) Except for the preceding matters, other matters not approved by the Audit Committee and approved by two-thirds or more of all directors : None.

※ Review of financial report

The Company's 2021 financial statements, the business report, and the distribution of earnings for the second half of 2020 were audited and completed by Zhang Shu Ying, Chi Shi Qin of KPMG Taiwan, and a written auditor's report was issued. After the

aforementioned business report, financial statements and distribution of earnings were approved by Committee members Lai Sun Quae, Huang Tien Chang and Chen Shiou Chung without objection, the proposal shall be presented to the board of directors for resolution.

B. If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified : None.

C. Communications between the independent directors, the Company's Chief Internal Auditor and CPAs ( including the items, methods and results of audits of corporate finance or operations, etc. ) : The Company's independent directors are the Audit Committee members, so the Company's Chief Internal Auditor and CPAs mainly use the time after the board of directors meeting or audit committee meeting to communicate with the Audit Committee members (independent directors).

1. Communications between the Audit Committee members ( independent directors ) , the Company's Chief Internal Auditor and CPAs

1. The audit unit shall send a monthly internal audit report to the independent director for review.
2. Report the implementation of the quarterly internal audit plan to the board of directors. In the meeting, the directors (including independent directors) shall give full explanation immediately if they have any problems.
3. Each quarter / year, the CPA shall issue the written document of the financial statements review/audit report, and communicate with the Audit Committee (independent director) on the overall audit status, internal control audit status and recent amendments of relevant laws and regulations of the parent company and its subsidiaries.
4. The CPA will issue an annual statement of independence and competence, and communicate with the Audit Committee (independent director) in accordance with relevant regulations.
5. At the end of each Board meeting or Audit Committee meeting, the Chief Auditor communicates with Audit Committee members (Independent Director) the findings of the internal audit and the follow-up after the period, and listens to the opinions and instructions of the Audit Committee members (Independent Director).

Date	Object	Issues to Communicate	Result
2021/3/25 (2021 1st time)	Audit Committee members (Independent Director) : Lai Sun Quae, Huang Tien Chang, Chen Shiou Chung	<ol style="list-style-type: none"> <li>1. The implementation of the internal audit plan in 2020 fourth quarter. (Audit)</li> <li>2. 2021 annual risk report. (Audit)</li> <li>3. The performance evaluation results of the board of directors in 2020. (Audit)</li> <li>4. The Company's 2021 insider trading and prevention propaganda. (Audit)</li> <li>5. Directors, supervisors and managers' liability insurance renewal in 2021. (Audit)</li> <li>6. Statement of internal control in 2020. (Audit)</li> </ol>	The Audit Committee (independent director) has no dissenting opinion

			<ol style="list-style-type: none"> <li>7. The Company's financial statements and business report for 2020. (Accounting)</li> <li>8. Amendment of the company's 'Articles of Incorporate'. (Accounting)</li> <li>9. Amendment of the Company's 'Guidelines Governing Election of Directors' (Accounting)</li> <li>10. Amendment of the Company's 'Corporate Governance Best Practice Principles' (Audit)</li> <li>11. Amendment of the Company's 'Corporate Social Responsibility Best Practice Principles' (Audit)</li> <li>12. Amendment of the Company's 'Performance Evaluation of the Board of Directors' (Audit)</li> <li>13. Amendment of the Company's 'Codes of Ethical Conduct' (Audit)</li> <li>14. Amendment of the Company's 'Procedures for Ethical Management and Guidelines for Conduct' (Audit)</li> <li>15. The Company's operational objectives for 2021. (Accounting)</li> <li>16. Discussion on the establishment of the Company's Corporate Governance Officer (Audit)</li> <li>17. Evaluation of the independence and suitability of the CPAs of the Company. (Accounting)</li> </ol>		
2021/5/12 (2021 2nd time)	Audit Committee members (Independent Director) : Lai Sun Quae, Huang Tien Chang, Chen Shiou Chung	<ol style="list-style-type: none"> <li>1. The implementation of the internal audit plan in 2021 first quarter (Audit)</li> <li>2. Corporate governance evaluation results of 2020. (Audit)</li> <li>3. Corporate social responsibility report of 2020. (Audit)</li> <li>4. The Company's consolidated financial statements for 2021 first quarter and the draft of the consolidated financial quarterly report reviewed by accountants. (Accounting)</li> </ol>	The Audit Committee (independent director) has no dissenting opinion		

2021/7/14 (2021 3rd time)	Audit Committee members (Independent Director) : Lai Sun Quae, Huang Tien Chang, Chen Shiou Chung	1. The Company's deputy general manager Lai, Yu- Min has been lifted from non-Compete Restriction on managers by serving as the corporate governance officer of Hung Chou Fiber Co. Ltd. and Kwang Ming Silk Mill Co. Ltd. (Audit)	The Audit Committee (independent director) has no dissenting opinion
2021/8/11 (2021 4th time)	Audit Committee members (Independent Director) : Lai Sun Quae, Huang Tien Chang and Chen Shiou Chung	1. The implementation of the internal audit plan in 2021 second quarter. (Audit) 2. The Company's consolidated financial statements for 2021 second quarter and the draft of the consolidated financial quarterly report reviewed by accountants. (Accounting) 3. The Company proposed to increase the limits on the acquisition and disposal of listed company shares. (The Board Meeting of 2020/8/11 has already approved to increase the acquisition and disposal limit of TCC and ACC to NT\$100 million. Since the yield and fundamentals of TCC and ACC are good, it is proposed to request the board of directors to authorize the Chairman to increase the acquisition and disposal limit of these two targets to NT\$200 million.) (Accounting)	The Audit Committee (independent director) has no dissenting opinion
2021/11/10 (2021 5th time)	Audit Committee members (Independent Director) : Lai Sun Quae, Huang Tien Chang and Chen Shiou Chung	1. The implementation of the internal audit plan in 2021 third quarter. (Audit) 2. The Company's consolidated financial statements for 2021 third quarter and the draft of the consolidated financial quarterly report reviewed by accountants. (Accounting) 3. The implementation of the internal audit plan in 2022. (Audit)	The Audit Committee (independent director) has no dissenting opinion

Note 1 : If an independent director resigns before the end of the year, the date of his resignation shall be indicated in the remarks column. The actual attendance rate (%) shall be calculated based on the number of meetings of the audit committee and his actual attendance during his / her tenure.

Note 2 : Before the end of the year, if there is re-election of an independent director, the new and former independent directors shall be filled in, and the date of former, new or re-election of the independent director shall be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings and actual attendance of the Audit Committee during his / her tenure.

2. The state of participation in board meetings by the supervisors : Not applicable.

(3) Corporate Governance Implementation Status and any difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons :

Evaluation Item	Status of Implementation (Note 1)			Any difference from the ‘Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies’ and the reasons
	Yes	No	Summary	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on the ‘Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies’?”	V		<p>The company passed the ‘Corporate Governance Best-Practice Principles’ on December 16, 2014 and disclosed it on the company's website.</p> <p>The company amended the company's the ‘Corporate Governance Best-Practice Principles’ with reference to the updated the ‘Corporate Governance Best-Practice Principles’ of TWSE, which was presented to the board of directors for approval on March 25, 2021 and publicly disclosed on the company's website.</p>	It complies with Articles 1~2 of the ‘Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies’. In order to meet the actual situation of the company, the content is slightly amended.
2.. Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		<p>1. The general manager's office has full-time staff, spokesmen and acting spokesmen to deal with shareholders' suggestions, doubts and disputes. The company's website, corporate responsibility report and annual report all announce the telephone number, address and email of the contact person.</p> <p>The company's internal operating procedures for handling shareholders' suggestions, doubts, disputes and litigation matters are set out in Articles 4~13 of Chapter II ‘protection of shareholders' rights and interests’ of the ‘Corporate Governance Best-Practice Principles’, and the spokesperson or acting spokesperson shall response orally or in writing</p>	It complies with Articles 13 of the ‘Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies’.
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		<p>2. The company entrusts a special stock affairs agency to handle the company's stock affairs. The company can know the increase, decrease, mortgage or change of the shares held by the shareholders holding more than 5% of the shares, directors, supervisors and managers at any time. The list of directors, supervisors, managers and shareholders holding more than 10% of the shares shall be entered into the information application website designated by the competent authority every month according to the regulations, or can be inquired in the annual report of the company or the company's website.</p>	It complies with Articles 19 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies’.
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		<p>3. The company and related enterprises are independent individual legal persons, whose assets, finance and accounting are independent, and their profits and losses and risks are borne by themselves.</p> <p>The company's financial transactions with related enterprises are interest- bearing at the market interest rate, and the amount and necessity of capital loans are reassessed annually according to the capital demand. There is also an evaluation mechanism for endorsements and guarantees of a single enterprise.</p>	It complies with Articles 4~19 of the ‘Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies’.

Evaluation Item	Status of Implementation (Note 1)			Any difference from the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies' and the reasons
	Yes	No	Summary	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		<p>The management of its affiliates transactions, endorsements and guarantees, and capital loans between the company and its affiliates shall be controlled in accordance with the provisions of the Securities Exchange Act. And formulate the operation of "supervision and management of subsidiaries", and implement the risk control mechanism of subsidiaries. For details, please refer to articles 14~19 of section 3 "governance relationship between the Company and its affiliates" in Chapter II of the company's 'Corporate Governance Best-Practice Principles'.</p> <p>The directors, supervisors and management teams of its affiliates are all appointed by the company to control or participate in the operation of its affiliates, review the operating performance of its affiliates on a quarterly basis, and prepare the consolidated financial statements accordingly.</p> <p>4. The company has established 'Procedures for Handling Material Inside Information (prevention of insider trading management)' to regulate and urge insiders not to trade securities by using undisclosed information on the market. On March 25, 2021 in the board of directors to report the company's 2021 insider trading and prevention propaganda.</p>	It complies with paragraph 2 of Articles 10 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies'.
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy for the composition of its members?</p>	V		<p>1. The Company's Corporate Governance Best-Practice Principles Article 20 stipulates that the composition of the board of directors shall take into account diversity. In order to implement the diversity of directors, the Company has established the "Board Diversity Policy" and set targets for the diversity policy, the achievement of the diversity targets is evaluated annually by the Corporate Governance Steering Group. The specific implementation method is "To enhance the above-mentioned diversity expertise and skills of our directors, the Company gives priority to recommending or enrolling directors in the above-mentioned courses during the annual six-hour Program Planning for Director Continuing Education, and the course fees are fully paid by the Company". The 2021 Annual Shareholders' Meeting elected three seats of independent directors and 3 female directors. The current directors have diversified professional backgrounds in business management, leadership and decision-making, industry knowledge, international perspective, and financial analysis, as well as extensive operating experience. For the education, experience, gender, professional qualifications and work experience of each director, please refer to the "Board Diversity Policy" in this annual report.</p> <p>2. The Company established a Remuneration Committee on 2011/12/27 and an Audit Committee to replace the Supervisor on 2018/6/1. On 2021/8/4, the Company's shareholders' meeting elected three independent directors and the independent directors formed the Audit Committee. On 2021/8/11, the board of directors approved the appointment of Lai Sun Quae,</p>	<p>It complies with Articles 20 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies'.</p> <p>It complies with paragraph 2 of Articles 28 and 28-1 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies'.</p>
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V		

Evaluation Item	Status of Implementation (Note 1)			Any difference from the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies' and the reasons						
	Yes	No	Summary							
(3) Does the company establish a standard to measure the performance of the Board, implement it annually, report the results of the performance appraisal to the board of directors and apply the results for reference regarding individual directors' remuneration and re-appointments?	V		<p>Huang Tien Chang, Chen Shiou Chung as the three independent directors for the current term of 2021/8/11-2024/8/3 as remuneration committee members. The Company has not yet considered the establishment of other functional committees, and the future will depend on government regulations and the trend of corporate governance to assess the needs of the Company. Relevant provisions are recorded in the Company's compliance with articles 27~30, Section 3 of Chapter III, functional committees of the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies'.</p> <p>3. The Company has formulated a performance evaluation method for the board of directors. The members of the board of directors regularly conduct the 'Performance Evaluation of the board of directors', the 'Performance Evaluation of board members' and 'Performance Evaluation of functional committees' every year, and present a Performance Evaluation result report at the next Board Meeting (2022/2/16 of the first Board Meeting in 2022). According to the results of the performance evaluation of the board of directors in 2021, the average score of 'the Performance Evaluation of the board meeting unit' was 4.8, which was close to excellent. The average score of the 'Performance Evaluation of board members' is 4.7, which is close to excellent performance. The average score of the 'Performance Evaluation of functional committees' (Audit Committee and Remuneration Committee) is 4.9, which is close to excellent. (Full score is 5)</p> <p>The board of directors of the Company has included the evaluation results for reference when deciding on the payment of directors' remuneration and nominating directors for further appointment.</p>	<p>It complies with paragraph 3~4 of Articles 37 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies'.</p> <p>It complies with Articles 29 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies'.</p>						
(4) Does the company regularly evaluate the V independence of CPAs	V		<p>4. The Company's certified public accountants regularly issue a statement of "compliance with the relevant independence requirements of the Norm of Professional Ethics for CPA" once a year and send it to the board of directors for discussion and evaluation of the independence and suitability of the CPA. The independence evaluation of the certified public accountants was discussed and approved at the 2<sup>nd</sup> Board Meeting on 2022/3/23. The certified public accountant has no interest or relative relationship with the Company, and maintains an impartial and objective attitude in the provision of professional services and meets the criteria of independence and suitability.</p> <table border="1" data-bbox="746 1753 1270 2038"> <thead> <tr> <th></th> <th>Evaluation Result</th> <th>Conformity with independence</th> </tr> </thead> <tbody> <tr> <td>1. Whether the accountant has a direct or material indirect financial interest in the Company.</td> <td>No</td> <td>Yes</td> </tr> </tbody> </table>		Evaluation Result	Conformity with independence	1. Whether the accountant has a direct or material indirect financial interest in the Company.	No	Yes	
	Evaluation Result	Conformity with independence								
1. Whether the accountant has a direct or material indirect financial interest in the Company.	No	Yes								

Evaluation Item	Status of Implementation (Note 1)			Any difference from the 'Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies' and the reasons		
	Yes	No	Summary			
			2. Whether the CPA has engaged in financing or guarantees with the Company or the Company's directors.	No	Yes	
			3. Whether the CPA has a close business relationship and potential employment relationship with the Company.	No	Yes	
			4. Whether the CPA and the audit team members currently hold or have held any directorships, managerial positions or positions of significant influence over the audit of the Company in the last two years.	No	Yes	
			5. Whether the CPA has provided any non-audit services to the Company that may directly affect the audit.	No	Yes	
			6. Whether the CPA has brokered any shares or other securities issued by the Company.	No	Yes	
			7. Whether the CPA has acted as the Company's advocate or coordinated conflicts with other third parties on behalf of the Company.	No	Yes	
			8. Whether the CPA is related to the Company's	No	Yes	



Evaluation Item	Status of Implementation (Note 1)			Any difference from the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies' and the reasons
	Yes	No	Summary	
			directors, managers or persons with significant influence on the audit	
4. Has the TWSE/TPEX listed company been equipped with competent and appropriate numbers of corporate governance personnel, and designated a CGO responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information required for business execution, assisting directors and supervisors with legal compliance, handling matters related to board meetings and shareholders meetings in accordance with the law, and producing meeting minutes for board of directors meetings and shareholders meetings)?	V		<p>The general manager's office has dedicated staff to collect, organize and handle corporate governance matters, and is responsible for matters related to the shareholders' meeting, the Board of Directors, the Audit Committee and the Remuneration Committee, including but not limited to providing information necessary for directors, audit committee members and remuneration committee members to perform their business, handling meetings notices of the board of directors, the Audit Committee, the Remuneration Committee and the Shareholders' Meeting, compiling meeting information and preparing and sending out minutes of meetings.</p> <p>Company registration and change of registration are handled by the finance department in consultation with the competent authorities.</p> <p>The disclosure and declaration of information on internal audit, finance, material information, and corporate governance, as well as the public disclosure of information on the Company's website are handled by the undertaking unit on its own, while stock affairs such as changes in shareholders' shareholdings and transfers are handled by the stock affairs department of Grand Fortune Securities.</p> <p>The Company's board of directors (2021 the 1<sup>st</sup> Board Meeting on 2021/3/25) approved Lai Yu Min, deputy general manager of finance, as the corporate governance officer of the Company.</p> <p>The annual corporate governance-related matters for 2021 are as follows :</p> <ol style="list-style-type: none"> <li>① Organize and prepare meeting minutes of the board of directors, Audit Committee and Remuneration Committee: 7 Board meetings, 3 Audit Committee meetings, 2 Remuneration Committee meetings, 12 meetings in total.</li> <li>② Organize shareholders' meetings and compile the meeting minutes: 1 time.</li> <li>③ Assisted directors in their continuing education: 9 persons, 54 hours in total.</li> <li>④ Assist in providing information necessary for directors to carry out their business, including materials for meetings of the Board of Directors, Audit Committee, and Remuneration Committee 7 days prior to the meeting.</li> <li>⑤ Assist directors to comply with regulations in the execution of business or formal resolutions of the board of directors.</li> <li>⑥ The Company's Corporate Governance Officer shall have completed at least 18 hours of continuing education within one year of the</li> </ol>	It complies with Articles 3~1 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies'.

Evaluation Item	Status of Implementation (Note 1)			Any difference from the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies' and the reasons
	Yes	No	Summary	
			date of assuming the position in accordance with the regulations, and shall have completed at least 12 hours of continuing education each year.	
5. Does the company establish a communication channel and build a designated section on its website for involved parties (including but not limited to shareholders, employees, customers and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		<p>The general manager's office of the Company has dedicated staff (spokesperson) to handle responses from stakeholders such as investors, shareholders, banks, employees, customers and suppliers, so as to maintain a smooth communication channel. In addition, the Company's website has a special area for interested parties, and the name, telephone number and email address of the contact person (spokesman) are posted on the website. All questions responded are answered by the contact person (spokesman) in person.</p> <p>The Company will also respond to the concerns of stakeholders through the following channels :</p> <ol style="list-style-type: none"> <li>1. Shareholders : Annual shareholders' meetings are held and shareholders can exercise their voting rights through electronic means. The Company issues annual report and corporate responsibility report every year, publishes monthly revenue and self-closing financial report each quarter to facilitate shareholders to understand the Company's operation.</li> <li>2. Employees : Employee benefit, occupational safety and health, gender equality and prevention of sexual harassment, labor employment relations and other issues can be communicated with employees through meetings and bulletin boards at each factory.</li> <li>3. Suppliers : The Company adheres to the principle of ethic operation and sustainable development, abides by the principle of fair trade, and requires manufacturers to pay attention to the protection of environmental protection, industrial safety and labor rights and interests. and strengthen communication between the two sides through annual supplier evaluation and regular visits to suppliers.</li> <li>4. Customers : Through visiting customers, participating in exhibitions and customer satisfaction surveys, and analyzing the causes of customer complaints, respond to customer concerns about quality and after-sales service. We also set up a dedicated customer contact channel on company website, provide customer phone numbers and email addresses, and collect valuable feedback from customers.</li> <li>5. Other Stakeholders or the Public : The Company publishes a Corporate Responsibility Report each year which is available on the Company's website for non-specific stakeholders or the public to view or download.</li> </ol>	It complies with Articles 47 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies'.
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company appointed the stock affairs department of Grand Fortune Securities to handle.	It complies with paragraph 1 of Articles 7 of the 'Corporate Governance

Evaluation Item	Status of Implementation (Note 1)			Any difference from the 'Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies' and the reasons
	Yes	No	Summary	
				Best Practice Principles for TWSE/TPEx Listed Companies'.
<p>7. Information Disclosure</p> <p>(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?</p> <p>(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</p> <p>(3) Does the Company announce and report the annual financial report as early as possible within two months after the end of the fiscal year, and announce and report the first, second and third quarter financial reports and the operating status of each month as early as possible before the required deadlines?</p>	V		<p>1. The Company has set up a corporate website <a href="http://www.yijinn.com.tw">www.yijinn.com.tw</a> to disclose the financial, business and corporate governance information of the Company, and report the financial, business and corporate governance information on the website designated by the competent authority (the Market Observation Post System).</p> <p>2. The general manager's office, finance department and other units of the Company have designated personnel to collect and disclose the Company's information, and the spokesperson will uniformly release the Company's information to the public. And participate in the Institutional Investor Conference (2021/12/9) held by Grand Fortune Securities. The briefing materials and the video link of institutional investor conference will be posted on the website for investors to watch after the conference.</p> <p>3. In accordance with Article 36 of the Securities and Exchange Act, the Company shall perform public announcement and registration with the Competent Authority within three months after the close of each fiscal year and within 45 days after the end of the first, second, and third quarters, and within the first ten days of each calendar month publicly announce and register with the Competent Authority the operating status for the preceding month.</p>	<p>It complies with paragraph 1 of Articles 57 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies'.</p> <p>It complies with Articles 55~58 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies'.</p>
<p>8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?</p>	V		<p>Through the Market Observation Post System (<a href="http://mops.twse.com.tw/">http://mops.twse.com.tw/</a>) Corporate Governance section, stock code 1457, to understand the Company's corporate governance-related business operations, or through the company's spokesman to consult the Company's corporate governance disclosure information, other important information to help understand the operation of the Company's corporate governance is as follows :</p> <p>1. Employee rights and interests : The Company has always attached importance to the harmony of labor relations. In order to encourage employees to express their opinions, the company has set up an employee suggestion box and a special complaint hotline in the factory, and an online suggestion box on the company's website. The employee suggestion box and the special complaint hotline have designated personnel to be responsible for investigation and reply, so as to smooth the communication channel of employees' opinions. In addition, the company holds quarterly labor-management meetings, attended by relevant supervisors, to communicate with employee representatives, so as to promote harmonious labor relations and corporate sustainable development.</p>	<p>It complies with Articles 28~2, 51~54 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies'.</p>

Evaluation Item	Status of Implementation (Note 1)			Any difference from the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies' and the reasons
	Yes	No	Summary	
			<p>2. Investor Relations : The Company's spokesperson (or acting spokesperson) shall uniformly accept the inquiries from shareholders, potential investors and stakeholders, and suggestions from all sectors of society, and provide explanations for them. There is an "investor section" on the Company's website to provide investor-related information to establish a good relationship with investors.</p> <p>3. Supplier relationship : The Company selects suppliers based on the quality, quantity, schedule and competitive price of the products delivered. In response to the expectation of corporate social responsibility, the Company also requires suppliers to pay attention to occupational safety, working environment, supply chain management and hardware and equipment safety, etc. through annual supplier evaluation, code of corporate integrity and contractor safety education training to communicate.</p> <p>4. Rights of Stakeholders : The Company's measures to respond to the rights of stakeholders include :  Neighboring communities : Sponsor community activities, subsidize activities funds and gifts, and provide social relief supplies.  Non-governmental organizations and civil groups : Irregularly participate in civil groups activities and interactions, to appropriately demonstrate the Company's good management, image, and to participate and share sustainability issues.  Industry : Participate in Industry Association, exchange industry information, etc.  Government : Comply with the relevant laws and regulations of the governmental authorities, respond to government policies and topics, and fulfill the responsibilities of good corporate citizens.</p> <p>5. The status of the Company purchasing liability insurance for directors and supervisors : The Company has applied for directors' and supervisors' and important employees' liability insurance with Tokio Marine Nawa Insurance Co., Ltd., with the insured amount of US \$3 million, effective from April 1, 2021 to April 1, 2022. After the insurance policy expires, renew the policy with Tokio Marine Nawa Insurance Co., Ltd., for the period from 2022/4/1 to 2023/4/1. To reduce the legal risks and financial liabilities of the Company's directors and to protect them from possible damages in the performance of their duties. (Reported to the board of directors on March 23, 2022)</p> <p>6. Directors' continuing education : (in accordance with articles 40 and 50 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies) all participated in the courses organized by the Securities and Futures Institute.</p>	<p>It complies with Articles 40 and 50 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies'.</p> <p>It complies with Articles 39, 49 of the 'Corporate Governance Best-Practice</p>

Evaluation Item	Status of Implementation (Note 1)			Any difference from the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies' and the reasons																																																										
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9. Please describe improvements in accordance with corporate governance assessment results issued by the Corporate Governance Center, TWSE in the most recent year, and provide priority emphasizes and action plans for items that have not yet improved. (Those who are not included in the list are not required to fill in)	V		<p>1. The Company's 7<sup>th</sup> Corporate Governance evaluation (2020) score was 68.08, with a ranking scale of 36% to 50%.</p> <p>2. Improvement for the items that failed to score this time:</p> <p>(1) Strengthen corporate governance disclosure to gain points : 1. 10、1. 11、2. 2、2. 9、2. 13、2. 17、2. 20、2. 21、3. 5、3. 6、3. 12、3. 14、3. 17、4. 2、4. 4、4. 12、4. 17</p> <p>(2) Further improvement at the next the board of directors ' re-election : None:</p> <p>(3) No urgency of improvement : 1. 6、1. 9、2. 4、2. 5、2. 7、2. 14、2. 27、2. 30、3. 2、3. 4、3. 8、3. 10、3. 18、3. 20、4. 5、4. 7、4. 10、4. 13</p>	It complies with Articles 59 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies'.																																																										

Note : The implementation status shall be described in the summary description field, regardless of whether "Yes" or "No" is checked.

(4) Composition, Responsibilities and Operations of the Remuneration Committee or Nominating Committee :

**1 . Professional Qualifications and Independence Analysis of Remuneration Committee Members**

December 31, 2021

Title (Note 1)	Criteria  Name	Professional qualifications and principal work experience (Note 2)	Status of independence (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration on Committee Member
Independent Director (Convener)	Lai, Sun-Quae	Master's Degree CSBC Corporation, Taiwan Chairman Small and Medium Enterprise Administration Director General Topco Scientific Co., Ltd. Chairman	None (Note 3)	3
Independent Director	Huang, Tien-Chang	Master's Degree Taiwan Business Bank Co., Ltd. Chairman Trust Association of R.O.C. Chairman Mega International Commercial Bank Co., Ltd. Managing Independent Director	None (Note 3)	2
Independent Director	Chen, Shiou-Chung	Collage Tah Tong Textile Co., Ltd. Chairman Taiwan Spinner's Association Executive Director Taiwan Textile Federation Executive Director Taiwan Textile Research Institute Director Chinese National Federation of Industries Industry Consultant	None (Note 3)	0

Note 1 : Please specify each Remuneration Committee member's relevant years of service, professional qualifications and experience, and independence in the table. If any independent director, please refer to Page OO, Appendix I, Information on Directors and Supervisors (I) for details. Please indicate whether you are an independent director or other (if he/she a convener, please remark).

Note 2: Professional Qualifications and Experience : Specify the professional qualifications and experience of individual remuneration committee members.

Note 3 : Conformity with independence : The independent directors shall state the independence status, including but not limited to whether he/she, his/her spouse, his/her second degree of kinship or other relatives are directors, supervisors or employees of the Company or its affiliates; the number and proportion of shares held by him/her, his/her spouse, his/her second degree of kinship or other relatives (or by using the name of others); whether he/she is a director, supervisor or employee of a company with a specific relationship with the Company (refer to Article 6, Item 1, Paragraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation.

Note 4 : For disclosure methods, please refer to the best practice reference examples on the Taiwan Stock Exchange Corporate Governance Center website.

## 2. Remuneration Committee Operation Status

(1) The Remuneration Committee is composed of three people.

(2) Current member's tenure : August 11, 2021 ~ August 3, 2024. In 2021, the Remuneration Committee held two meetings (A), and the members qualifications and attendance were as follows :

Title	Name	Actual no. of meeting attended (B)	By Proxy	Actual Attendance rate (%) (B/A)(Note)	remarks
Convener	Lai Sun Quae	2	0	100	2021/8/11 Re-elected
Committee Member	Huang Tien Chang	2	0	100	2021/8/11 Re-elected
Committee Member	Chen Shiou Chung	1	0	100	2021/8/11 Newly-elected
Committee Member	Sheu Her Jiun	1	0	100	2021/8/11 Term Expiration

Other matters required to be recorded :

1. If the board of directors did not adopt or amend the suggestion of the remuneration committee, please indicate the date and session number of the board meeting, the contents of the motion, the result of the resolution and the company's handling of the suggestion of the remuneration committee (if the remuneration passed by the board is better than the suggestion of the remuneration committee, please state the difference and the reasons) : None.
2. If any member had objections or reservations about the resolution of the remuneration committee and there is a record or a written statement, please indicate the date and session number of the remuneration committee meeting, the contents of the motion, all the opinions of the members and how the opinions were handled : None.

Note : \* If any remuneration committee member leaves the company before the end of the year, please state in the remarks column the departure date, the actual attendance rate (%) calculated based on the number of remuneration committee meetings and the number of actual meetings attended during the tenure.  
 \* If there is a remuneration committee member re-election before the end of the year, please list both the new and the former members, and indicate in the remark column whether the member is former, new or re-elected and the date of re-election. The actual attendance rate (%) is calculated based on the number of remuneration committee meetings held and the actual number of meetings attended during the tenure.

## Remuneration Committee

Composition	<p>The established of the Company's Remuneration Committee was approved by the board of directors. There are three remuneration committee members with professional qualifications and work experience. The term of office is the same as that of the board of directors. The Company re-elected directors at the shareholders' meeting on 2021/8/4. The new board of directors passed a resolution on 2021/8/11 to appoint Lai Sun Quae, Huang Tien Chang, Chen Shiou Chung, the three independent directors as the Remuneration Committee members (with the independent director Lai Sun Quae as the convener), all the members meet the qualification requirements of the Securities and Exchange Act and the 'Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange'.</p>
Scope of duties	<ol style="list-style-type: none"> <li>1. The functions and duties of the Remuneration Committee shall be handled in accordance with the Remuneration Committee Charter of the company.</li> <li>2. Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers.</li> <li>3. Periodically evaluate and prescribe the remuneration of directors, supervisors, and managerial officers.</li> <li>4. On matters resolved by the Remuneration Committee, periodic recommendations and improvement proposals are made to the board of directors.</li> </ol>
Implementation	<ol style="list-style-type: none"> <li>1. In 2021, the Company's Remuneration Committee held two meetings.</li> <li>2. The 6<sup>th</sup> session of the 4<sup>th</sup> Remuneration Committee was held on March 25, 2021 (members present : Lai Sun Quae, Sheu Her Jiun, Huang Tien Chang). Discussion on the distribution of the company's employees' compensation and directors' and supervisors' remuneration in 2020. Resolution : The proposal is appropriate and reasonable. After the chairman consulted all members present, the proposal was passed without objection, and the proposal was presented to the board of directors for reference and discussion.</li> <li>3. The 1<sup>st</sup> session of the 5<sup>th</sup> Remuneration Committee was held on December 24, 2021 (members present : Lai Sun Quae, Huang Tien Chang, Chen Shiou Chung) Discussion on "the remuneration of directors and managers of the Company in 2022". Any objections or reservations expressed by the Committee members and recorded in writing : None. Resolution : The proposal is appropriate and reasonable. After the chairman consulted all the members present, the proposal was passed without objection, and the proposal was presented to the board of directors for reference and discussion The Company's response to the Remuneration Committee's opinion: The above two matters were presented to the board of directors in accordance with the Remuneration Committee's resolution. Resolution of the board of directors : Except for the directors who are required by law to recuse themselves from the discussion and voting, the rest of the directors present approved the resolution without objection.</li> </ol>

3. Information on the composition and operation of the Nominating Committee: The Company has not established a Nominating Committee.



(5) Implementation of sustainable development and differences with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons :

Push the project	Implementation situation (Note 1)			Differences with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
1. Does the company establish corporate social responsibility frameworks and establish an exclusively (or concurrently) dedicated unit to be in charge, and the board of directors shall appoint executive-level positions and to report the status of the handling to the board of directors?	V		<p>1. The Company's implementation of corporate social responsibility frameworks is mainly under the responsibility of the "Corporate Governance (Corporate Social Responsibility) Implementation Team" under the Chairman of the board of directors, and the Company has established the Corporate Governance Officer, Mr. Y. M. Lai, the deputy general manager of finance of the Company.</p> <p>2. Enforcement of the "Corporate Governance (CSR) Implementation Team" of the Company :</p> <p>(1) The "Corporate Governance (CSR) Implementation Team" is the concurrently unit of the Company responsible for implementing corporate social responsibility, and the Board of Directors approved on 2021/3/25 the appointment of Mr. Y.M. Lai as the Corporate Governance Officer of the Company.</p> <p>(2) The Company's "Corporate Governance (CSR) Implementation Team" is composed of high-level executives of the Company, who are mainly responsible for the implementation of corporate governance, charitable donations, the selection of the recipients of donations, and the collection and compilation of CSR reports.</p> <p>(3) The "Corporate Governance (CSR) Implementation Team" annually compiles the CSR report for the previous year as a result of the performance of the Company's efforts to implement CSR and present the report to the Board of Directors. 2020 CSR report was presented to the board of directors on May 12, 2021.</p> <p>3. The board of directors will discuss with the corporate governance officer regarding the CSR report presented by the "Corporate Governance (CSR) Implementation Team" and the adjustment of management guidelines, policy and goals for corporate social responsibility.</p>	Consistent with Corporate Social Responsibility Best Practice Principles

Push the project	Implementation situation (Note 1)			Differences with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons	
	Yes	No	Summary		
2. Does the company in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy? (Note 2)	V		<p>1. The Company has established a "Risk Management Policy", and regularly reviews the environmental, social and corporate governance issues related to the Company (including natural disasters, economic environment, personnel behavior, business and legal, management activities and control, infrastructure, etc.) once a year according to the significance of the impact. Risk assessment is conducted jointly by the Company's factory supervisors and subsidiary managers to evaluate the probability and materiality of risk impacts and to determine whether to adopt policies or strategies for risk management. The Company's risk report is regularly reported to the board of directors once a year. 2021 annual risk report was presented to the board of directors on March 25, 2021.</p> <p>2. During the joint risk assessment process between the factory supervisors and subsidiary managers, the Company identifies significant ESG issues to identify environmental, social, and corporate governance-related issues and reports them to the Board of Directors on an annual basis in conjunction with the Risk Report. (Please refer to the Corporate Governance section of the Company's website for details).</p>	Consistent with Corporate Social Responsibility Best Practice Principles	
<p>3. Environmental issues</p> <p>(1) Does the company establish proper environmental management systems based on the characteristics of their industries?</p> <p>(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p> <p>(3) Does the Company assess the potential risks and opportunities climate change brings to the Company, now and in the future, and take measures to respond to climate-related issues?</p> <p>(4) Has the Company compiled statistics on greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and does it formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management?</p>	V	V	V	<p>1. The Company reviews the efficiency of energy use on a monthly basis in accordance with the Greenhouse Gas Reduction Act, Energy Administration Act, and the Renewable Energy Development Act. We also reuse resources such as separating garbage and reusing envelopes, and produce recycled yarn from recycled PET bottles to reduce energy consumption.</p> <p>2. As of December 31, 2021, the Company obtained the GRS (Global Recycling Standard for Polyester Yarn Products) certificate (see the Company's CSR report for details).</p> <p>2.1 Since the Tainan factory discontinued its operations in December 2020, except for industrial ribbons, which are produced by outsourcing, the Company has no other production factory. Our subsidiary, Hung Chou Fiber, uses recycled polyester pellets from PET bottles to produce raw polyester yarn, and both production and sales volumes are gradually expanding. In 2021, we have also been working on the installation of natural gas pipelines to the factory and the conversion of boilers using heavy oil as fuel to natural gas to improve the efficiency of fuel utilization and reduce the impact on the environment.</p> <p>3. The Company is aware of the impact of climate change on its operations and will refer to the "Climate Related Financial Disclosure Framework" (TCFD) issued by the International Financial Stability Board (FSB) to take stock of the risks, opportunities and responses to climate change for each department and production site, in order to quantitatively assess the significant climate risk impact on the Company.</p> <p>4. The Company performs greenhouse gas inventory on a regular basis once a year in order to implement seasonal water and electricity regulation, reduce greenhouse gas emissions, and achieve the effect of energy saving and carbon reduction. The company according to Environmental Protection Administration, Executive Yuan in 2016 to complete the compilation of "Guidelines for National Greenhouse Gas</p>	Consistent with Corporate Social Responsibility Best Practice Principles.

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			<p>Inventories", to conduct greenhouse gas emissions inventory information, the Company's greenhouse gas emissions for 2021 were 77 metric tons, a reduction of 327 metric tons of carbon emissions compared to 2020 (404 metric tons).</p> <p>5. The company discloses the greenhouse gas emissions, water consumption and the total weight of waste for three consecutive years in the CSR report, and sets annual energy saving and carbon reduction and reduces the amount of water consumption and waste production.</p> <table border="1"> <thead> <tr> <th></th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Greenhouse gas emissions (tons)</td> <td>15,125</td> <td>404</td> <td>77</td> </tr> <tr> <td>Tap water (1000M<sup>3</sup>)</td> <td>5,328</td> <td>2</td> <td>577</td> </tr> <tr> <td>Groundwater (1000M<sup>3</sup>)</td> <td>36,935</td> <td>0</td> <td>0</td> </tr> </tbody> </table> <p>Waste recycling statistics</p> <table border="1"> <thead> <tr> <th></th> <th>2019</th> <th>2020</th> <th>2021</th> <th>Treatment Method</th> </tr> </thead> <tbody> <tr> <td>General waste</td> <td>21.6</td> <td>21.92</td> <td>3.5</td> <td>Incinerate</td> </tr> <tr> <td>Sludge</td> <td>21.73</td> <td>0</td> <td>0</td> <td>Heat Treatment</td> </tr> <tr> <td>Mixed construction waste</td> <td>0</td> <td>172</td> <td>0</td> <td>Classification/Incineration</td> </tr> <tr> <td>Waste electrical appliances</td> <td>0</td> <td>14.33</td> <td>0</td> <td>Incineration/Recycling</td> </tr> <tr> <td>Total</td> <td>43.33</td> <td>198.25</td> <td>3.5</td> <td></td> </tr> </tbody> </table> <p>Note: In 2020, the Tainan factory discontinued its operations, dismantled its factory and old equipment, and the quantity of waste recycling and disposal was higher.</p> <p>(1) The Company's strategy for climate change or greenhouse gas management The company's Tainan factory is limited by old machinery and equipment, and has been losing money for years. The board of directors discussed and approved on October 31, 2019 to cease the production of Tainan factory effective January 1, 2020, and the revocation of the factory registration certificate was completed on November 9, 2020 in accordance with the law. In 2021, only the outsourced processing of ribbons and real estate leasing business remained, therefore, we only conducted the identification and inventory of the source of greenhouse gas for the Taipei office.</p>		2019	2020	2021	Greenhouse gas emissions (tons)	15,125	404	77	Tap water (1000M <sup>3</sup> )	5,328	2	577	Groundwater (1000M <sup>3</sup> )	36,935	0	0		2019	2020	2021	Treatment Method	General waste	21.6	21.92	3.5	Incinerate	Sludge	21.73	0	0	Heat Treatment	Mixed construction waste	0	172	0	Classification/Incineration	Waste electrical appliances	0	14.33	0	Incineration/Recycling	Total	43.33	198.25	3.5		
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	Yes	No	Summary	
			<p>1. The Company will continue to promote greenhouse gas inventory so that all departments know the results of energy saving and carbon reduction promotion.</p> <p>2. Continue to discuss the way of introducing energy-saving equipment in the head office and conduct benefit evaluation.</p> <p>3. We will continue to advocate and promote energy saving and carbon reduction activities.</p> <p>4. Actively cooperate with green energy (solar energy) equipment manufacturers to obtain the carbon rights of green energy.</p> <p>5. Comply with environmental regulations, customer requirements and relevant regulations.</p> <p>(2) The target of reducing the emission of greenhouse gases. in Enterprises</p> <p>1. The Company implemented the greenhouse gas (carbon dioxide) reduction plan in 2021, which effectively reduced 327 metric tons of carbon dioxide compared to 2020. The energy saving and carbon reduction targets for 2022 are as follows :</p> <p>(1) Electricity saving : 10,000 kwh.</p> <p>(2) CO2 reduction : 5 metric tons.</p> <p>(3) Energy saving benefit : \$ 60,000.</p> <p>2. Adopting the energy saving target and implementation plan of the Energy Management Act of the Ministry of Economic Affairs, the total annual electricity saving target is 10%.</p> <p>(3) Enterprise greenhouse gas emissions reduction budget. and plans</p> <p>1. The estimated input budget of the company in 2022 is as follows :</p> <p>Estimated input amount is 50,000.</p> <p>Estimated electricity saving : 10,000 kWh</p> <p>Electricity saving rate : 10%</p> <p>The greenhouse gas reduction-related programs under implementation and planning for 2022 are as follows :</p> <p>(1) In relation to electricity:</p> <p>A. Replace energy-saving lamps. °</p> <p>B. The air conditioner can only be turned on when the indoor temperature exceeds 30 °C, and set the air conditioner temperature at 27 °C.</p> <p>(4) The carbon reduction effect of enterprise products or services to customers or consumers</p> <p>1. Meet the demand of downstream brand manufacturers for green environmental protection.</p> <p>2. To fulfill the responsibility of green production for the earth's climate change.</p>	
4. Social issues	V		<p>1.1 The Company complies with the government labor regulations and policies, formulates or amended personnel system, provides employees with</p>	Consistent with Corporate Social

Push the project	Implementation situation (Note 1)			Differences with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?			<p>stable salaries, accommodation, education and training, and improves safety and health, and ensures employees' rights and interests and develops a working environment with multiple professional capabilities.</p> <p>1.2 In accordance with the principles of the United Nations Sustainable Development Indicators and the international labor human rights convention, foreign workers are employed legally and appropriately, and foreign labor agents are regularly assigned to act as interpreters to communicate with foreign workers in order to take care of their lives, cultural and recreational activities, and two-way communication, etc.</p> <p>1.3 We recognize and abide by the spirit and basic principles of human rights protection as outlined in the UN Universal Declaration of human rights, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization and other international human rights conventions, put an end to any abuses and violations of human rights, and make a clear oath to treat and protect human rights in a fair and equitable manner and respect all colleagues.</p>	Responsibility Best Practice Principles.
(2) Does the Company formulate and implement reasonable employee benefits measures (including compensation, leaves and other benefits), and appropriately reflect operational performance or achievement in employee compensation?	V		<p>2. According to the labor standards Act, the Company sets the days of employees' attendance and leave, and formulates employee welfare programs to promote employee welfare measures. In accordance with the Company's Articles of Incorporation, if there is profit in the annual settlement, the company shall distribute employee dividends, so that employees can share the Company's operating performance or achievements. The Company also adjusts the salaries of employees in a timely manner with reference to the industry's salary level and salary adjustment range to retain outstanding talents.</p>	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p>3. The Company's employees mainly use the office as their workplace, and the Company provides safe, quality and comfortable facilities for employees to have a safe and good working environment. Work environment maintenance : strict safety and health standards are required since the end of equipment procurement, office environment cleaning every weekend, office equipment immediately repaired or improved if there is a failure, and operating sites immediately eliminate or set up appropriate protective equipment if dangerous factors are found. Employee health maintenance : regularly arrange employees' health checkups and conduct 2 hours of environmental introduction and safety and health education for new employees.</p>	
(4) Does the company provide its employees with career development and training sessions?	V		<p>4. The Company has set up education and training rules, according to employees' skills and professional knowledge required for their work, conduct internal training and employees' expatriate education and training to help employees develop career planning and training. The supervisors of each level will also deliberately rotate the training according to the employees' expertise in order to give full play to their talents and assist them in their career planning.</p>	

Push the project	Implementation situation (Note 1)			Differences with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
(5) Does the Company comply with relevant laws, regulations and international standards with respect to customer health and safety, customer privacy, marketing and labeling of products and services, and develop relevant consumer interests protection policies and complaint procedures?	V		<p>5.1 After the Tainan factory ceased production in January 2020, our main production business is the production of polyester yarn (chip) by its subsidiaries Hung Chou fiber industry Co., Ltd. and textured yarn produced by Kwang Ming Silk Mille Co., Ltd. The Company's operating income is mainly from high margin industrial ribbon and rental income from investment real estate. The product quality of the Company and its subsidiaries are in compliance with the CNS national standards and the labeling of the products is also in compliance with the Trademark Act. When exporting, the products should be marked according to the customer's demand and the customs requirements of the importing country, or the certificate of origin should be provided truthfully. In order to meet the non-toxic certificate of EU customs products, the products of our subsidiary company have also obtained the Oeko-Tex certificate</p> <p>5.2 The Company has set up a consumer or customer contact e-mail address and telephone number on the Company's website, a consumer or customer rights protection policy and procedures for receiving complaints.</p>	
(6) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and its implementation situation?	V		<p>6.1 The Company has established a supplier management policy that requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor human rights issues, and has set additional points for passing relevant verification in the supplier evaluation. Supplier evaluations are conducted on a regular basis every year, and the history of negative environmental and social reports by suppliers is also included in the evaluation items.</p> <p>6.2 Those who have better environmental protection and labor conditions will be given priority in the evaluation procurement list, suppliers with a negative track record to prevent the impact of negative social commentary are suspending trading until there are still doubts.</p> <p>6.3 The Company conducts regular (at least once a year) evaluation on suppliers. If the supplier violates the corporate social responsibility policy and has a significant impact on the environment and society, it will be judged as unqualified and lose the opportunity to trade.</p>	

Push the project	Implementation situation (Note 1)			Differences with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
5. Does the Company refer to internationally accepted reporting standards or guidelines when compiling the corporate social responsibility reports and other reports that disclose Company's non-financial information? Have the aforementioned reports been verified or certified by a third-party verification unit?	V		On May 5, 2021, Yi Jinn issued "2020 Corporate Social Responsibility Report", which is the fifth corporate social responsibility report of the Company. Its content structure is based on the core options of the Global Reporting Initiative (GRI) Sustainability Reporting Standards with appropriate adjustments to meet industry differences and characteristics. It is hereby declared that the Company's "2020 Corporate Social Responsibility Report" was compiled by the Company itself and has not been certified by a third party or expressed an opinion by an accountant.	Consistent with Corporate Social Responsibility Best Practice Principles.
6. If the Company has established the corporate social responsibility principles based on the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies", please describe any differences between the Principles and their implementation : Description : The Company established the corporate social responsibility principles on December 6, 2014, and on March 25, 2021, the board of directors approved the amendment of corporate social responsibility principles in accordance with the competent authority's letter order. The corporate governance ( Corporate social responsibility ) promotion team is convened by the deputy general manager of the general manager's office to convene environmental safety specialists in each factory every year, to collect, compile and review the effectiveness of the implementation of various data on the issues of "environment and occupational health", "quality and environmental safety and health management", "environmental and occupational health and safety performance", "sustainable development" and "social responsibility" and prepare the Company's Corporate Responsibility Report (2020 report issued on May 5, 2021) and send it to the board of directors (May 12, 2021) on the implementation results and handling situation each year. The company will continue to promote the process in 2021. For information on the Company's corporate social responsibility, please refer to the annual corporate social responsibility reports available on the Company's website.				
7. Other important information to facilitate better understanding of the company's corporate social responsibility practices (For example, the company's systems and measures for environmental protection, community participation, social contribution, social services, social welfare, consumer rights and interests, human rights, safety and health and other social responsibility activities and the status of their implementation : Description : The company gives back to local community, and makes annual planned donations to social welfare institutions. Provide relief to low-income households through social welfare institutions so that needy families can receive timely care. Please refer to the company's "2019 corporate social responsibility report " (issued on May 4, 2020) on the company's website for investors to understand the Company's corporate social responsibility operations.				

Note 1 : If "Yes" is checked, please describe the important policies, strategies, measures and implementation status; If "No" is checked, please explain the reasons and state the plan of adopting relevant policies, strategies and measures in the future.

Note 2 : If the company has prepared the corporate social responsibility (CRS) report, the implementation status may be indicated the method of consulting the corporate social responsibility report and the index page to replace it.

Note 3 : The principle of materiality refers to the environmental, social and corporate governance issues that have a significant impact on the company's investors and other stakeholders.

**(6) Implementation of Ethical Corporate Management and Differences from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons:**

Item	Status of implementation (Note 1)			Any discrepancies and reasons for Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
<p>1. Adoption of an ethical management policy and action plan</p> <p>(1) Has the company implemented a board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices as well as the commitment of the board of directors and the executive management to enforcement of the ethical corporate management policy?</p>	V		<p>1.1 The Company's Ethical corporate management Principles was formulated in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and approved by the board of directors at its 2<sup>nd</sup> meeting of (April 17, 2013).</p> <p>1.2 On March 25, 2021, the board of directors of the company approved the amendment of Ethical corporate management Principles in accordance with the letter from the competent authority.</p> <p>1.3 In Chapter I of the corporate responsibility report of the company, the management statement and the company profile and other external documents, " Since its establishment in the 1981, the company Yi Jinn, adheres to the business philosophy of" innovation, integrity, growth and collaboration "and the work attitude of" sincerity and pragmatism", all of which indicate the company's integrity management policy.</p> <p>1.4 The company abides by the contracts signed and promises made by the company, including the terms and conditions of the transactions, methods of payment and interest payment, The products sold by the company are truthfully labeled in terms of name, specification and quantity, and the cheque issued are cashed on schedule.</p>	<p>Comply with Article 4 and 5 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".</p>
<p>(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of the risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least those described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies?</p>	V		<p>2.1 The Company has established ethical corporate management guidelines, the Company contains the following matters in preventing unethical conduct :</p> <p>① Standards for determining whether improper benefits have been offered or accepted.</p> <p>② Procedures for offering legitimate political donations.</p> <p>③ Procedures and the standard rates for offering charitable donations or sponsorship.</p> <p>④ Rules for avoiding work-related conflicts of interests and how they should be reported and handled.</p> <p>⑤ Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.</p> <p>⑥ Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.</p> <p>⑦ Handling procedures for violations of these Principles.</p> <p>⑧ Disciplinary measures on offenders.</p> <p>2.2 The Company has established a "Codes of Ethical Conduct" for the Company's directors, auditors and managers, which was approved by the board of directors (on March 25, 2021), the board of directors</p>	<p>Comply with Article 2 and 6 and 10-14 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".</p>



Item	Status of implementation (Note 1)			Any discrepancies and reasons for Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against dishonest conducts, and enforce the programs effectively and perform regular reviews?	V		<p>of the Company approved a proposal to amend the "Codes of Ethical Conduct". The board of directors and management are also committed to actively implement and monitor the implementation of the ethical management policy. Please refer to the Company's website at <a href="http://www.yijinn.com.tw">http://www.yijinn.com.tw</a></p> <p>2.3 The Company has stipulated in the Personnel Management Regulations, that the managers, employees or persons with the ability to control within their authority are prohibited from accepting any improper benefits directly or indirectly, or committing other acts that violate integrity, lawlessness and breach of fiduciary duties, in order to prevent dishonest acts such as fraud, misappropriation of public funds, bribery, leaking secrets, profiting others, and false reporting, etc., which are included in the employees reward and punishment performance appraisal items.</p> <p>3.1 For those who are engaged in sales, procurement, contracting, supervision and budgeting duties, as well as other duties that have interests with manufacturers, they are prohibited from taking or promising to take bribes from manufacturers, providing illegal political contributions, improper charitable donations or sponsorships, or offering or accepting unreasonable presents, hospitality or other improper benefits, which are expressly prohibited by the Company, and offenders are subject to heavier penalties to prevent the occurrence of various kinds of misconduct.</p> <p>3.2 The Company's board of directors approved the amendment of the "Procedures for Ethical Management and Guidelines for Conduct" on March 25, 2021.</p> <p>3.3 In order to establish an ethical corporate culture and prevent unethical behavior, the Company regularly conducts education and awareness-raising for employees and insiders once a year, and reminds its stakeholders to comply with and respect the Company's moral and ethical standards. Relevant procedures, conduct guidelines, disciplinary actions and complaint system are disclosed on the Company's website (<a href="http://www.yijinn.com.tw">www.yijinn.com.tw</a>).</p>	Comply with Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".
<p>2. Implementation of Ethical Management</p> <p>(1) Does the Company evaluate the records of ethical conduct of its business counterparties and include integrity clauses in its contracts with business counterparties?</p> <p>(2) Does the company have a unit that supports ethical corporate management practices on a full-time basis under the board of directors, and reports the ethical management policy and programs against unethical conduct regularly (at least once a year) to the board of directors and oversees the operations?</p>	V	V	<p>1. The Company's business philosophy is innovation, integrity, growth and collaboration. Suppliers or customers who are known to have a history of unethical behavior, will try to avoid trading, so as to avoid unethical behavior damaging the Company's rights and interests.</p> <p>2 The Company has established the "Code of Ethical Conduct", the "Ethical Corporate Management Best Practice Principles", and the "Human Resources Management Personnel Regulations". The general manager's office is the unit that implements ethical management and regularly reports to the board of directors once a year (2021/5/12) along with the "Corporate Social Responsibility Report" on the</p>	<p>Comply with Article 9 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".</p> <p>Comply with Article 17 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM</p>

Item	Status of implementation (Note 1)			Any discrepancies and reasons for Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
(3) Does the Company adopt a policy for avoiding conflicts of interest, provide appropriate means for reporting on any such conflict, and implement them without fail?	V		<p>implementation of the Company's ethical management.</p> <p>3.1 The general manager's office is the unit that accepts and reports the violation of integrity management to prevent the conflict of interest, and establishes a statement channel on the Company's website.</p> <p>3.2 The directors of the company follow the "Rules of Procedure for Board of Directors Meetings" (please refer to the Company's website <a href="http://www.yijinn.com.tw">http://www.yijinn.com.tw</a> ) The board of directors shall adhere to a high degree of self-discipline, and shall state their interests and important contents of the motions listed in the Board Meeting if they have an interest in themselves or the legal persons on their behalf. In addition, the related party shall recuse himself/herself from the discussion and voting, and shall not appoint another director to exercise his/her vote on his/her behalf.</p> <p>3.3 The Company has stipulated in the "Personnel Management Measures", "Procedures for Handling Material Inside Information and Procedures for Prevention of Insider Trading Management" that employees should strictly observe the act of avoidance of interests and take the initiative to report matters of conflict of interest, and has stipulated the relevant clauses of prohibition of competition to prevent conflicts of interests.</p> <p>3.4 In accordance with the "Stakeholder Reporting and Complaint Handling Mechanism", the Company provides employees or internal and external stakeholders with the opportunity to report or complain about any illegal or improper conduct.</p>	<p>Listed Companies".</p> <p>Comply with Article 19 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".</p>
(4) Does the company have effective accounting and internal control systems in place to enforce ethical management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct or hire outside accountants to perform the audits?	V		<p>4.1 Through the accounting system and internal control and audit system, the company has been able to effectively supervise the implementation of the Integrity Management.</p> <p>4.2 The Company has established a sound accounting system and internal control internal audit system. based on the sales cycle, procurement, production, financing, real estate, plant and equipment, investment, R&amp;D and computer information. At the first level, the supervisors at each level conduct their own checks during the review and approval process in their daily operations; at the second level, the accounting unit conducts certificate reviews; at the third level, the auditing unit conducts routine audits and project audits according to the annual audit plan, and at the fourth level, each department conduct annual internal control self-assessment to implement internal control system to all departments and handling personnel of the company. In addition, the external accountants will also conduct annual internal control inspection, randomly check and audit the original forms, and issue an internal control system inspection report to the company in view of the audit situation of the accountants.</p>	<p>Comply with Article 23 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".</p> <p>Comply with Article 20 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".</p>
(5) Does the Company offer internal and external training with regard to ethical management on a regular basis?	V		<p>5.1 The Company regularly conducts education and awareness-raising for employees and insiders once a year, and irregularly conducts awareness-raising for employees on cases of ethical management by sending internal e-mails.</p> <p>5.2 The chairman of the board of directors has repeatedly publicizes the Company's business philosophy of "innovation, integrity, growth and collaboration" and the work attitude of "sincerity and pragmatism" at various meetings and public occasions of the</p>	<p>Comply with Article 22, paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".</p>



Item	Status of implementation (Note 1)			Any discrepancies and reasons for Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
<p>6. Other information to understand more about the Company's Ethical Corporate Management practice (For example, the company reviews and amends the Ethical Management principles) :</p> <p>The Company arranges and encourages directors and managers to take continuing education courses on corporate governance every year to enhance their corporate governance and supervisory capabilities, and hopes to enhance the effectiveness of corporate governance and the implementation of ethical management through the operation of the board of directors. We will irregularly inform the suppliers by letter to publicize the Company's ethical management policy.</p> <p>The "Ethical Management Procedures and Conduct Guidelines" was approved at the first board of directors' meeting in 2021 (March 25, 2021).</p> <p>The implementation of the Company's ethical management in 2021 :</p> <ol style="list-style-type: none"> <li>1. Compliance with laws and regulations is the basic premise of ethical management: conducted "legal compliance education and promotion" for a total of 1 hour and 11 participants.</li> <li>2. Conducted "ethical management and codes of ethical conduct" education training for a total of 1 hour and 16 participants.</li> <li>3. Case of violation of ethical management: 0 case</li> <li>4. Stakeholder assurance and recusal of interest: Employee communication (2 labor-management meetings), shareholder/investor communication (1 conference), and recusal of interests (7 matters of recusal of directors' interests)</li> </ol>				

Note 1: Whether "Yes" or "No" is checked, the implementation status shall be described in the summary description field.

- (7) The Company has established the Corporate Governance Best Practice Principles and related rules and regulations for inquiries  
The Company's website: [www.yijinn.com.tw](http://www.yijinn.com.tw)

- (8) Any other material information that would afford a better understanding of the status of the company's implementation of corporate governance may also be disclosed.

1. Succession Planning for Board Members and Management

In the succession planning for the board members and management of Yi Jinn, the successor's personality qualities shall be in line with the Company's core business philosophy of "innovation, integrity, growth and collaboration" and "Honest and Pragmatic" attitude.

Succession planning and operation of board members

The Company is aware that its directors are elected by the shareholders and that the directors are elected solely based on the number of votes received in the election.

However, the Company will comply with the provisions of the Company's "Corporate Governance Best Practice Principles" as far as possible when reviewing the qualifications and recommending the list of directors to be elected. :

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards :

a. Basic requirements and values : Gender, age, nationality, and culture.

b. Professional knowledge and skills : A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities :  
(1) Ability to make operational judgments. (2) Ability to perform accounting and financial analysis. (3) Ability to conduct management administration. (4) Ability to conduct crisis management. (5) Knowledge of the industry. (6) An international market perspective. (7) Ability to lead. (8) Ability to make policy decisions.

In order to enhance the above-mentioned diversified professional knowledge and skills of the directors, when conducting the annual three-hour continuing education program for directors, the Company gives priority to recommend the above-mentioned courses to the directors or enroll them for the directors, and the fees are fully paid by the Company.

Yi Jinn has established the "Performance Evaluation of the Board of Directors and Functional Committees" to evaluate the performance of the Board of Directors and Functional Committees at the end of each fiscal year, and the results of the

performance evaluation will be used as a reference for the selection or nomination of directors in the future.

#### Succession Planning and Operation of **Management**

The Company holds quarterly management meetings, which are chaired by the Chairman of the Board of Directors. The directors who participate in the management meetings are important members of the Company's staff, and the meetings are also designed to train and prepare the future successors of the Company's key management personnel. :

- The chairman of the board shared and passed on the business philosophy, life experience and experience of operating the company to the attending management.
- The participating management sets annual (quarterly) operating targets and reports on the achievement of annual (quarterly) operating targets.
- The participants shared their work experience and insights with each other and learned from each other.
- Through the report on the achievement of management results in the meeting, to form the **management succession** team and pass on the Company's business philosophy.

In addition to the succession planning and operation of important management, the Company also requires all important management personnel to cultivate 1-2 successors, to establish a good foundation for the Company's sustainable management of human resources.

#### 2. Organizational structure of risk management :

The Company has established a "Risk Management Policy" to conduct risk assessment on environmental, social and corporate governance issues related to the Company (including natural disasters, economic environment, personnel behavior, business and legal, management activities and control, infrastructure, etc.) on a regular basis once a year according to the significance of the impact, joint risk assessments are conducted by the Company's factory supervisors and subsidiary managers to assess the probability and materiality of risk impacts and to determine whether to adopt policies or strategies for risk management. The Company's risk report is presented to the Board of Directors on a regular basis once a year, and the 2021 annual risk report was presented to the board of directors on March 25, 2021.

(9) Internal Control System Execution Status shall disclose the following items :

1 . Statement of Internal Control System

Date : March 23, 2022

Based on the findings of a self-assessment, the company states the following with regard to our Internal Control System during 2021 :

1. The board of directors and managers of the Company are responsible for establishing, implementing, and maintaining an adequate internal control system. The system aims to provide reasonable assurance for the achievement of the objectives of operation effect and efficiency (including profit, performance and asset security), reliability, timeliness, transparency and compliance with relevant regulations and laws.
2. An internal control system has inherent limitation. No matter how perfectly designed, an effective internal control system can only provide a reasonable assessment of its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to environment, condition. However, the internal control system of the company has a self-monitoring mechanism. Once the lack is identified, the company will take corrective action.
3. The Company assesses whether the design and implementation of the internal control system are effective according to the judgment items of the effectiveness of the internal control system specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "guidelines"). According to the process of management control, the internal control system is divided into five elements : 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communications, and 5. Monitoring activities. Each element includes several items. Please refer to the "guidelines" for the above items.
4. The Company has adopted the above internal control system to assess the project and evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the assessment results mentioned in the preceding paragraph, the Company considers that the internal control system (including supervision and management of subsidiaries) of the Company on December 31, 2021 is effective, including the understanding of the operation effect and the extent to which the efficiency objectives have been achieved, the reliability, timeliness, transparency and compliance with relevant regulations and laws, and the design and implementation of the internal control system, It can reasonably ensure the achievement of the above goals.
6. This statement will be the main content of the Company's annual report and prospectus and will be made public. If there are false, concealed and other illegal things in the above disclosure, the legal liabilities of Articles 20, 32, 171 and 174 of the Securities and Exchange Act will be involved.
7. This statement was approved by the board of directors of the Company on March 23, 2022. None of the 8 directors present held any objection. The rest agreed with the contents of this statement and hereby declare.

Yi Jinn Industrial Co., Ltd.

Chairman : Chan, Cheng-Tien

General Manager : Weng, Mao-Cheng

- 2 . If CPA was engaged to conduct a Special Audit of Internal Control System, shall disclose CPA's Audit Report : None

(10) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements. : None

(11) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report. :

Date	Material resolutions of a shareholders meeting	Implementation status
2021/08/04	<p>Total shares represented by shareholders present : 174,784,012 shares, 57.94%</p> <p>Directors present : Directors Chan Cheng Tien, Weng Mao Cheng, Lai Yu Min, Chen Meng Wu and Independent director Lai Sun Quae and Huang Tien Chang</p> <p>CPA present : Zhang Shu Ying</p> <p>Matters to Discuss :</p> <ol style="list-style-type: none"> <li>1.Ratification of the 2020 Business Report, Financial Statements and earnings distribution of the Company.</li> <li>2.Approval of the amendment to the Company's "Articles of Incorporation".</li> <li>3.Approval of the amendment to the Company's "Guidelines Governing Election of Directors"</li> <li>4.Election of the Directors</li> <li>5.Approval of lifting from non-Compete Restriction for new appointed directors.</li> </ol>	<ol style="list-style-type: none"> <li>1.Ratify the 2020 Business Report and Financial Statements, in which the consolidated revenue for the year was NT\$2,707,215 thousand, net income after tax was NT\$556,686 thousand, and earnings per share was NT\$1.5.</li> <li>2. Passed by the shareholders' meeting as approved.</li> <li>3. Passed by the shareholders' meeting as approved.</li> <li>4. Election of the Directors New elected Directors : Chan, Cheng-Tien Shares in Favor 178,860,110 Chan, Yi-Chin Shares in Favor 160,643,352 Chen, Meng-Wu Shares in Favor 160,744,225 Cheng, Yu-Jing Shares in Favor 160,803,633 Weng, Mao-Cheng Shares in Favor 160,534,860 Lai, Yu-Min Shares in Favor 159,763,752 Lai, Sun-Quae Shares in Favor 160,492,802 Huang, Tien-Chang Shares in Favor 160,361,917 Chen, Shiou-Chung Shares in Favor 160,301,119</li> <li>5. Passed by the shareholders' meeting as approved.</li> </ol>

Date of Board Meeting	Session	Material matters discussed by the Board
2021/03/25	1	<p>Directors present : Chan Cheng Tien, Chen Meng Wu, Lai Yu Min, Huang Tien Chang, Lai Sun Quae, Weng Mao Cheng, Cheng Yu Jing, Chen Shiou Chung</p> <p>Director absent : Chan Yi Chin</p> <p>Approved matter :</p> <ol style="list-style-type: none"> <li>1. Approved the Company's Statement of Internal Control System for 2020.</li> <li>2. Approved the distribution of employees' and directors' remuneration of the Company in 2020.</li> <li>3. Approved Company's 2020 Annual Financial Statements and Business Report</li> <li>4. Approved Company's earnings distribution in the Second Half of 2020.</li> <li>5. Approved setting the base date for distribution of cash dividends.</li> <li>6. Approved the amendment to the Company's "Articles of Incorporation".</li> <li>7. Approved the amendment to the Company's "Guidelines Governing Election of Directors".</li> <li>8. Approved the amendment to the Company's "Corporate Governance Best Practice Principles".</li> <li>9. Approved the amendments to the Company's " Corporate Social Responsibility Best Practice Principles".</li> <li>10. Approved the amendments to the Company's " Performance Evaluation of the Board of Directors".</li> <li>11. Approved the amendments to the Company's "Codes of Ethical Conduct".</li> <li>12. Approved the amendments to the Company's " Procedures for Ethical Management and Guidelines for Conduct ".</li> <li>13. Approved election of the directors.</li> <li>14. Approved nomination and resolution of the list of director candidates.</li> <li>15. Approved lifting the Non-Compete Restriction on new elected directors.</li> <li>16. Approved matters relating to the proposed convening of the Company's 2021 Annual General Shareholders' Meeting.</li> <li>17. Approved the Company's operating plan for 2021.</li> <li>18. Approved the establishment of the Company's Corporate Governance Officer</li> <li>19. Approved the evaluation of the independence and suitability of the Company's CPA.</li> <li>20. Approved the Company's proposal to apply for a bank loan for working capital requirements.</li> </ol>
2021/05/12	2	<p>Directors present : Chan Cheng Tien, Chen Meng Wu, Lai Yu Min, Huang Tien Chang, Lai Sun Quae, Weng Mao Cheng, Cheng Yu Jing, Chen Shiou Chung</p> <p>Director absent : Chan Yi Chin</p> <p>Approved matter :</p> <ol style="list-style-type: none"> <li>1. Discussion on the Company's proposal to apply for a bank loan for working capital requirements.</li> </ol>



2021/07/14	3	Directors present : Chan Cheng Tien, Chen Meng Wu, Lai Yu Min, Huang Tien Chang, Lai Sun Quae, Weng Mao Cheng, Cheng Yu Jing, Chen Shiou Chung Director absent : Chan Yi Chin Approved matter : 1. Discussion on the reconvening of the 2021 Annual General Shareholders' Meeting. 2. Discussion on lifting the Non-Compete Restriction on managers. 3. Discussion on the Company's proposal to apply for a bank loan for working capital requirements.
2021/08/04	4	Directors present : Chan Cheng Tien, Chen Meng Wu, Lai Yu Min, Huang Tien Chang, Lai Sun Quae, Weng Mao Cheng, Cheng Yu Jing, Chen Shiou Chung Director absent : Chan Yi Chin Approved matter : 1. Discussion on the election of the chairman of the Company.
2021/08/11	5	Directors present : Chan Cheng Tien, Chen Meng Wu, Lai Yu Min, Huang Tien Chang, Lai Sun Quae, Weng Mao Cheng, Cheng Yu Jing, Chen Shiou Chung Director absent : Chan Yi Chin Approved matter : 1. Approved the Company's consolidated financial statements for the second quarter of 2021 and the quarterly financial statements and business reports reviewed by the CPA. 2. Approved the appointment of members of the 5 <sup>th</sup> Remuneration Committee. 3. Approved the Company's proposed increase in the limit on acquisition and disposal of shares of listed companies. 4. Approved the Company's proposal to apply for a bank loan for working capital requirements.
2021/11/10	6	Directors present : Chan Cheng Tien, Chen Meng Wu, Lai Yu Min, Huang Tien Chang, Lai Sun Quae (authorize Huang Tien Chang), Weng Mao Cheng, Cheng Yu Jing, Chen Shiou Chung Director absent : Chan Yi Chin Approved matter : 1. Approved the Company's donation of charitable funds. 2. Approved the Company's "2022 Annual Internal Audit plan". 3. Approved the Company's proposal to apply for a bank loan for working capital requirements.
2021/12/24	7	Directors present : Chan Cheng Tien, Huang Tien Chang, Lai Sun Quae (authorize Huang Tien Chang), Weng Mao Cheng, Cheng Yu Jing, Chen Shiou Chung, Lai Yu Min (authorize Weng Mao Cheng) Director absent : Chan Yi Chin, Chen Meng Wu Approved matter : 1. Approved the matter of the remuneration of directors and managers deliberated at the 1 <sup>st</sup> meeting of the 5 <sup>th</sup> Remuneration Committee of the Company.
2022/02/16	8	Directors present : Chan Cheng Tien, Chen Meng Wu, Lai Yu Min, Huang Tien Chang, Lai Sun Quae, Weng Mao Cheng, Cheng Yu Jing, Chen Shiou Chung Director absent : Chan Yi Chin Approved matter : 1. Approved the Company's proposed participation in the cash capital increase and subscription of its subsidiary Dayi International Development Co., Ltd. 2. Approved the Company's proposal to apply for a bank loan for working capital requirements.
2022/03/23	9	Directors present : Chan Cheng Tien, Chen Meng Wu, Lai Yu Min, Huang Tien Chang, Lai Sun Quae, Weng Mao Cheng, Cheng Yu Jing, Chen Shiou Chung Director absent : Chan Yi Chin Approved matter : 1. Approved the Company's 2021 Annual Statement of Internal Control System. 2. Approved the appropriation of the Company's 2021 employee compensation and directors' remuneration. 3. Approved the Company's 2021 financial statements and business report. 4. Approved the distribution of the Company's 2021 earnings. 5. Approved the distribution of cash dividends from capital reserves. 6. Approved the amendment of the Company's "Procedures for Acquisition and Disposal of Assets". 7. Approved the matters related to the 2022 Annual Shareholders' Meeting of the Company. 8. Approved the Company acquired the real estate of Tongxin section and Haotian section (Farglory U-TOWN), Xizhi District of New Taipei City. 9. Approved the Company's 2022 Business Plan. 10. Approved the evaluation of the independence and suitability of the Company's CPA. 11. Approved the Company's replacement of the CPA. 12. Approved the Company's proposal to apply for a bank loan for working capital requirements.

(12) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof. : None

(13) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer. : None

## **V. Information on the professional fees of the attesting CPAs**

(1) Accountant fee information :

Accountant fee information

Unit : NT\$ thousand

Accounting Firm	CPA Name	Audit Period	Audit fee	Non-Audit fee	Sub-total	Remarks
KPMG Taiwan	Chang, Shu-Ying Chih, Shih-Chin	2021/1-2021/12	2,730	0	2,730	

(2) If there is a change of the accounting firm, and in the year of the change the audit fee is lower than that in the previous year : None

(3) If the audit fee is reduced by more than 10% over that in the previous year : None

## **VI. Change of Accountants : None**

## **VII. The Employment of the Company's Chairman, General Manager, Financial or Accounting Manager with the Auditing CPA Firm or Its Affiliated Businesses in the Past Year : None**

## **VIII. Particulars about Changes in Shareholding and Share Pledge of Directors, Supervisors, Managers and Shareholders Holding More than 10% of the Company's Shares in the Past Year and as of the Date of Publication of the Annual Report :**

(1) Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders :

Title	Name	2020		Current year as of March 31	
		Shareholding Increase/(Decrease)	Pledged share Increase/(Decrease)	Shareholding Increase/(Decrease)	Pledged share Increase/(Decrease)
Chairman	Chan, Cheng-Tien	(1,000,000)	0	0	0
Director	Chan, Yi-Chin	0	0	0	0
Director	Cheng, Yu-Jing	0	0	0	0
Director	Chen, Meng-Wu	0	0	0	0
Director	Weng, Mao-Cheng	47,000	0	0	0
Director	Lai, Yu-Min	47,000	0	0	0
Independent Director	Chen, Shiou-Chung	0	0	0	0
Independent Director	Huang, Tien-Chang	0	0	0	0
Independent Director	Lai, Sun-Quae	0	0	0	0
Major Shareholder	Yi Tong FiberCo., Ltd.	0	0	0	0
General Manager	Weng, Mao-Cheng	47,000	0	0	0
Deputy General Manager	Chang, Heng-Chia	0	0	0	0
Deputy General Manager	Lai, Yu-Min	47,000	0	0	0

(2) Share trading Information : None.

(3) Share pledge Information : None.

**IX. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another :**

10 largest shareholders and their relationship

Name (Note 1)	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominees		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Yi Tong Fiber Co. Ltd. Representative : Chan, Cheng-Tien	57,954,410	19.21%							
Chan, Cheng-Tien	24,010,494	7.96%	2,053,074	0.68%			Chan, Yi- Chin	Father and Daughter	
Xin Mao investment Co., Ltd. Representative : Chan, Cheng-Tien	20,610,470	6.83%							
Chan, Cheng-Tien	24,010,494	7.96%	2,053,074	0.68%			Chan, Yi-Chin	Father and Daughter	
I Jinn Industrial Co. Ltd. Representative : Chen, Jun-Kai	17,255,717	5.72%							
Chen, Jun-Kai	0	0.00%							
Zig Sheng Industrial Co. Ltd. Representative : Ye, Shou-Tun	6,911,000	2.29%							
Ye, Shou-Tun	0	0.00%							
Wang, Zhuang-Yan	4,969,000	1.65%							
Wang, Sheng-Min	4,435,000	1.47%							
Wang, Sheng-Hong	4,194,000	1.39%							
Ding, Cheng-Hu	3,113,000	1.03%							
Chan, Yi-Chin	2,916,961	0.97%					Chan, Cheng-Tien	Father and Daughter	

Note 1 : If any of those 10 largest shareholders is an institutional shareholder, the name of the corporate shareholder and the names of its representative shall be noted.

Note 2 : The calculation of the holding percentage refers to the percentage of shareholding in the name of oneself, one's spouse, one's minor children or in the nominee's name.

Note 3 : The shareholders listed in the preceding paragraph include both legal and natural persons, and the relationships between them shall be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**X. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the company :**

Consolidated stake

December 31, 2021  
Unit : Shares, %

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Yi Tong Fiber Co. Ltd.	41,442,559	46.81	14,090,320	15.92	55,532,879	62.73
Xin Mao investment Co., Ltd.	5,959,886	35.33	8,978,236	53.23	14,938,122	88.56
Kwang Ming Silk Mill Co. Ltd.	15,586,193	38.53	3,296,900	8.15	18,883,093	46.68
Hung Chou Fiber Co. Ltd.	36,601,000	27.70	22,684,037	17.17	59,285,037	44.87
Da Tien International Development Co., Ltd.	10,000,000	33.33	7,500,000	25.00	17,500,000	58.33
Dayi International Development Co., Ltd	61,250,000	61.25	22,875,000	20.80	90,250,000	82.50

Note : Investments accounted for using equity method.

## IV. Capital Raising Activities and implementation of the company's capital allocation plans :

### 1. Source of capital stock :

Year/month	Par Value	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital Increased by Assets other than Cash	Others
1990.12	10	18,000,000	180,000,000	18,000,000	180,000,000	Consolidated Capital increase 60,000,000 Cash Capital increase 60,000,000	None	None
1991.12	10	50,000,000	500,000,000	50,000,000	500,000,000	Note 1	None	None
1993.05	10	90,000,000	900,000,000	60,000,000	600,000,000	Note 2	None	None
1994.06	10	90,000,000	900,000,000	72,000,000	720,000,000	Note 3	None	None
1995.06	40	90,000,000	900,000,000	90,000,000	900,000,000	Note 4	None	None
1995.08	10	180,000,000	1,800,000,000	112,500,000	1,125,000,000	Note 5	None	None
1996.05	10	180,000,000	1,800,000,000	135,000,000	1,350,000,000	Note 6	None	None
1996.10	22	180,000,000	1,800,000,000	180,000,000	1,800,000,000	Note 7	None	None
1997.06	22	320,000,000	3,200,000,000	270,000,000	2,700,000,000	Note 8	None	None
1998.05	10	386,000,000	3,860,000,000	324,000,000	3,240,000,000	Note 9	None	None
1999.06	10	560,000,000	5,600,000,000	382,320,000	3,823,200,000	Note 10	None	None
2001.01	10	560,000,000	5,600,000,000	372,320,000	3,723,200,000	Note 11	None	None
2003.06	10	560,000,000	5,600,000,000	365,320,000	3,653,200,000	Note 12	None	None
2007.12	10	560,000,000	5,600,000,000	255,724,000	2,557,240,000	Note 13	None	None
2008.08	10	560,000,000	5,600,000,000	237,000,000	2,370,000,000	Note 14	None	None
2009.07	10	560,000,000	5,600,000,000	225,151,000	2,251,510,000	Note 15	None	None
2010.08	10	560,000,000	5,600,000,000	275,151,000	2,751,510,000	Note 16	None	None
2011.04	9	560,000,000	5,600,000,000	325,151,000	3,251,510,000	Note 17	None	None
2011.06	10	560,000,000	5,600,000,000	329,069,760	3,290,697,600	Note 18	None	None
2011.06	10	560,000,000	5,600,000,000	337,874,592	3,378,745,920	Note 19	None	None
2011.09	10	560,000,000	5,600,000,000	317,874,592	3,178,745,920	Note 20	None	None
2014.08	10	560,000,000	5,600,000,000	322,449,060	3,224,490,600	Note 21	None	None
2014.10	10	560,000,000	5,600,000,000	335,164,044	3,351,640,440	Note 22	None	None
2017.01	10	560,000,000	5,600,000,000	301,647,639	3,016,476,396	Note 23	None	None

Note 1 : Approval ref. (80) Tai-Tsai-Cheng (1) Letter No. 03381 for Consolidated capital increase of NT\$196,000,000 and Cash capital increase of NT\$124,000,000 dated December 9, 1991.

Note 2 : Approval ref. (82) Tai-Tsai-Cheng (1) Letter No. 01154 for capital increase of NT\$75,000,000 from earning and Capital surplus transferred to capital increase of NT\$25,000,000 dated May 20, 1993.

Note 3 : Approval ref. (83) Tai-Tsai-Cheng (1) Letter No. 28266 for capital increase of NT\$120,000,000 from earning dated June 17, 1994.

Note 4 : Approval ref. (84) Tai-Tsai-Cheng (1) Letter No. 17327 for capital increase of NT\$180,000,000 dated March 27, 1995.

Note 5 : Approval ref. (84) Tai-Tsai-Cheng (1) Letter No. 38158 for capital increase of NT\$189,000,000 from earning and Capital surplus transferred to capital increase of NT\$36,000,000 dated June 29, 1995.

Note 6 : Approval ref. (85) Tai-Tsai-Cheng (1) Letter No. 25072 for capital increase of NT\$112,500,000 from earning and Capital surplus transferred to capital increase of NT\$112,500,000 dated April 23, 1996.

Note 7 : Approval ref. (85) Tai-Tsai-Cheng (1) Letter No. 41636 for cash capital increase of NT\$450,000,000 dated July 16, 1996.

Note 8 : Approval ref. (86) Tai-Tsai-Cheng (1) Letter No. 47263 for cash capital increase of NT\$540,000,000 and capital increase of NT\$180,000,000 from earning and Capital surplus transferred to capital increase of NT\$180,000,000 dated June 30, 1997.

Note 9 : Approval ref. (87) Tai-Tsai-Cheng (1) Letter No. 46910 for capital increase of NT\$178,200,000 from earning and Capital surplus transferred to capital increase of NT\$361,800,000 dated May 28, 1998.

- Note 10 : Approval ref. (88) Tai-Tsai-Cheng (1) Letter No. 52388 for capital increase of NT\$162,000,000 from earning and Capital surplus transferred to capital increase of NT\$421,000,000 dated June 4, 1999.
- Note 11 : Approval ref. (90) Tai-Tsai-Cheng (3) Letter No. 103808 for buyback total 10,000 company stocks during October 17~December 16, 2000 and capital decrease of NT\$100,000,000 dated January 5, 2001.
- Note 12 : Approval ref. (92) Tai-Tsai-Cheng (3) Letter No. 0920138936 for buyback total 7,000 company stocks during June 17 to August 16, 2003 and capital decrease of NT\$70,000,000 dated August 21, 2003.
- Note 13 : Approval by the Financial Supervisory Commission via Letter No. 0960070574 for capital decrease of NT\$1,095,960,000 dated December 24, 2007.
- Note 14 : Approval by the Financial Supervisory Commission via Letter No. 0970052000 for buyback total 18,7247 company stocks during July 22 to September 19, 2008 and capital decrease of NT\$187,240,000 dated August 21, 2008.
- Note 15 : Approval by the Financial Supervisory Commission via Letter No. 0980024207 for buyback total 11,849 company stocks during March 11 to May 6, 2009 and capital decrease of NT\$118,490,000 dated May 20, 2009.
- Note 16 : Approval by the Financial Supervisory Commission via Letter No. 0990050720 for capital increase of NT\$500,000,000 dated September 23, 2010.
- Note 17 : Approval by the Financial Supervisory Commission via Letter No. 1000025331 for capital increase of NT\$500,000,000 dated June 8, 2011.
- Note 18 : Approval by the Financial Supervisory Commission via Letter No. 1000025331 for issued transferable bond, in the second quarter of 2011 company transferred into common stocks for NT\$39,187,600 dated June 8, 2011.
- Note 19 : Approval by the Financial Supervisory Commission via Letter No. 1000039646 for capital increase of NT\$88,048,320 from earning dated August 25, 2011.
- Note 20 : Approval by the Financial Supervisory Commission via Letter No. 1000059437 for capital decrease of NT200,000,000 dated December 2, 2011.
- Note 21 : Approval by the Financial Supervisory Commission via Letter No. 1000025331 for issued transferable bond, in the second quarter of 2014 company transferred into common stocks for NT\$45,744,680 dated June 8, 2011.
- Note 22 : Approval by the Financial Supervisory Commission via Letter No. 1030033135 for capital increase of NT\$127,149,840 from earning dated August 25, 2014.
- Note 23 : Approval by the Financial Supervisory Commission via Letter No. 1050053905 for capital decrease of NT335,164,044 dated January 13, 2017.

Type of Stock	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total	
Common Stock	301,647,640	258,352,360	560,000,000	List stock

## 2. Shareholder structure :

### Shareholder structure

April 26, 2022

	Government agencies	Financial institutions	Other institutions	Foreign institutions and individuals	Individuals	Total
No. of shareholders	0	1	157	50	21,932	22,140
Total shares owned	0	3,000	120,857,129	6,863,211	173,924,300	301,647,640
Holding percentage (%)	0.00%	0.00%	40.07%	2.27%	57.66%	100.00%

Note : The percentage of shares held by mainland Chinese investors is 0%.

### 3. Shareholding distribution :

#### Shareholding distribution

Face value of \$10 per share

April 26, 2022

Shareholding range	No. of shareholders	Total shares owned	Holding percentage
1 to 999	9,593	2,049,317	0.68%
1,000 to 5,000	9,146	20,068,736	6.65%
5,001 to 10,000	1,682	13,817,640	4.58%
10,001 to 15,000	429	5,548,252	1.84%
15,001 to 20,000	398	7,487,969	2.48%
20,001 to 30,000	273	7,083,780	2.35%
30,001 to 40,000	139	5,030,455	1.67%
40,001 to 50,000	108	5,094,959	1.69%
50,001 to 100,000	179	12,908,805	4.28%
100,001 to 200,000	99	14,134,879	4.69%
200,001 to 400,000	38	11,102,946	3.68%
400,001 to 600,000	12	6,049,543	2.01%
600,001 to 800,000	10	7,284,766	2.41%
800,001 to 1,000,000	3	2,906,938	0.96%
1,000,001 and above	31	181,078,655	60.03%
Total	22,140	301,647,640	100.00%

### 4. Major shareholders :

#### Major shareholders

April 26, 2022

Shares Name	Total shares owned	Shareholding ratio
Yi Tong Fiber Co. Ltd.	57,954,410	19.21%
Chan, Cheng- Tien	24,010,494	7.96%
Xinmao investment Co., Ltd.	20,610,470	6.83%
I Jinn Industrial Co. Ltd.	17,255,717	5.72%
Zig Sheng Industrial Co. Ltd.	6,911,000	2.29%
Wang, Zhuang-Yan	4,969,000	1.65%
Wang, Sheng-Min	4,435,000	1.47%
Wang, Sheng-Hong	4,194,000	1.39%
Ding, Cheng-Hu	3,113,000	1.03%
Chan, Yi-Chin	2,916,961	0.97%



**5. Provide share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information**

Market Price, Net Worth, Earnings and Dividend Per share

Year Item		2020	2021	Current year as of March 31, 2022 (Note 8)	
		Market Price Per Share	Highest	17.00	22.80
Lowest	9.32		13.90	13.90	
Average	13.25		17.48	16.10	
Net Worth Per Share(Note 2)	Before distribution	20.68	20.55	—	
	After distribution	19.33	19.19	—	
Earnings per share	Weighted average shares	223,209,427	223,170,260	—	
	Earnings per share (Note 3)	2.89	0.9	—	
Dividend Per share	Cash Dividend		1.5	1	—
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	0	0	—
		Stock Dividends Appropriated from capital surplus	0	0	—
	Accumulated Undistributed Dividends (Note 4)		0	0	—
Return on Investment	P/E ratio (Note 5)		4.58	19.42	—
	Price-dividend ratio( Note 6)		8.83	17.48	—
	Cash dividend yield (Note 7)		11.32	5.72	—

The first quarter financial report of 2022 hasn't been audited and reviewed by CPA.

\* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1 : List the lowest and highest common stock's market price for each year and calculate the average market price for each year by the annual turnover and volume.

Note 2 : Please fill in the information based on the number of issued shares at the end of the year and the distribution according to the resolution of the board of directors or the shareholders' meeting of the following year.

Note 3 : If any stock dividend has been distributed and their amount shall be retroactively adjusted, adjusted earnings per share before and after shall be listed.

Note 4 : Setting forth the respective cash dividend and stock dividend of each fiscal year. If there are any cumulated and unpaid dividends, their amount shall also be disclosed.

Note 5 : P/E ratio = current year average closing price per share /earnings per share.

Note 6 : Price-dividend ratio = current year average closing price per share / cash dividend per share.

Note 7 : Cash dividend yield = cash dividend per share/ current year average closing price per share.

Note 8 : The net worth per share and earnings per share shall be filled in with the information audited (reviewed) by CPA as of the date of publication of the annual report in the most recent quarter; the remaining fields shall be filled in with the information of the current year as of the date of publication of the annual report.

## **6. The Company's dividend policy and implementation thereof :**

### (1) Dividend Policy provided in the Articles of Incorporation

A company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, first set aside ten percent of the remaining profits of the company reserves. Then set aside an amount as special reserve pursuant to the Applicable Law. With respect to earnings available for distribution plus any previously undistributed cumulative retained earnings, The proposal of surplus earning distribution shall be presented to the board of directors for approval, if such surplus earning is distributed in the form of cash, it shall be approved by a meeting of the board of directors.

The Company distributes dividends and bonuses or legal reserve and capital surplus, in whole or in part, in the form of cash, and authorizes the board of directors to do so with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, and to report to the shareholders' meeting.

The Company's dividend policy shall be taken into consideration the current and future development plans, the investment environment, capital needs and domestic and overseas competitions, as well as the interests of shareholders and sustainable operation. The Company may by a resolution adopted by the shareholders' meeting have the surplus profit distributable as dividends and bonuses, the cash dividend shall not be less than 10% of the total dividends, the rest shall be paid by stock dividends.

(2) The Company's net income for 2021 was NT\$200,603,325. On March 23, 2022, the board of directors approved a dividend of NT\$0.6 per share for 2021, and the capital reserve of overage received by issued shares exceeding the denomination was NT\$ 120,659,056, and it was paid by cash, and it was NT\$ 0.4 per share, shares held by shareholders were specified in the roster of shareholders in accordance with ex-dividend date, the cash dividend was NT\$ 1 per share . The Company's dividend payment is based on the principle of stability, and if there is any surplus, the Company will try to maintain a 5% yield for cash dividends every year.

(3) If a material change in dividend policy is expected, provide an explanation: None.

## **7. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the recent shareholders' meeting : not available.**

## **8. Compensation of employees, directors, and supervisors**

(1) Ratio or scope of compensation for employees, directors, and supervisors, as set forth in the Company's Articles of Incorporation :

In pursuant of the stipulations of the Articles of Incorporation, if there is a profit for the year, the company shall set aside not less than 0.5% for the employee bonus and not more than 2% for the directors and supervisors bonus. However, if there is still a cumulative loss, an amount to make up for the loss shall be retained in advance.

The aforesaid employee bonus shall be paid in shares or cash. Qualification requirements of employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements. The aforesaid directors and supervisors bonus shall be paid in cash only.

A resolution shall be made by the board of directors, and then be reported to the shareholders' meeting.

- (2) The basis for estimating the amount of employees' bonus and directors' remuneration for the current period, and the accounting treatment of the discrepancy, if any, between the actual amount of bonus shares distributed to employees and estimated figure thereof are as follows. :
  - 1 · In accordance with the provisions of Article 27 of the amended Articles of incorporation.
  - 2 · The Company's pre-tax benefit before the distribution of employee and director's remuneration amounted to NT\$200,603,325 in 2021, with a cash appropriation of no less than 0.5% as employee's remuneration of NT\$1,156,538 and no more than 2% as director's remuneration of NT\$4,303,493, which were paid in cash and no difference from the estimated amount in the accounts.
- (3) Information on any approval by the board of directors of distribution of compensation :
  - 1 · The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors :

The proposal of employee compensation and director's remuneration for 2021 was approved by the board of directors and Remuneration Committee on March 23, 2022. According to the Company's Articles of Incorporation, if any profit is made, no less than 0.5% of employees' remuneration and no more than 2% of directors' remuneration shall be allocated. To distribute employees' compensation in the amount of NT\$1,156,538 and directors' compensation in the amount of NT\$4,303,493.
  - 2 · The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation. : Not applicable.
- (4) The actual distribution of employee, director, and supervisor compensation for the previous fiscal year :

The Company distributed NT\$8,203,933 as remuneration to directors and NT\$4,758,282 as compensation to employees in 2020 in accordance with Article 27 of the Company's Articles of Incorporation.

## 9. Share repurchases :

### Status of repurchase of the Company's Stock

Buyback batch (Note)	First tranche	Second tranche	Third tranche
Purpose of share buyback	Maintain company's credit and shareholders' equity	Maintain company's credit and shareholders' equity	Maintain company's credit and shareholders' equity
Buyback period	October 17 to December 16, 2000	June 17 to August 16, 2003	July 22 to September 20, 2008
Buy-back Interval Price	NT\$ 4~8 /per share	NT\$ 5~7.5 /per share	NT\$4~8 /per share
Type and quantity of shares repurchased	Common shares 10,000,000	Common shares 7,000,000	Common shares 18,724,000
Amount of shares repurchased	NT\$ 37,729,555	NT\$ 43,024,226	NT\$ 104,827,374
Ratio of the number buyback to the number scheduled to be bought back (%)	100%	35%	93.62%
Number of shares retired and transferred	10,000,000	7,000,000	18,724,000
Accumulated number of outstanding shares	0	0	0
Ratio of accumulated number of outstanding shares to the total number of issued shares (%)	0%	0%	0%
Buyback batch (Note)	Fourth tranche	Fifth tranche	
Purpose of share buyback	Maintain company's credit and shareholders' equity		
Buyback period	March 11 to May 6, 2009	October 3 to November 25, 2011	
Buyback Interval Price	NT\$ 2.5~4.7 /per share	NT\$ 6.3~13 /per share	
Type and quantity of shares repurchased	Common shares 11,849,000	Common shares 20,000,000	
Amount of shares repurchased	NT\$ 50,966,488	NT\$ 156,607,780	
Ratio of the number buyback to the number scheduled to be bought back (%)	59.25%	100%	
Number of shares retired and transferred	11,849,000	20,000,000	
Accumulated number of outstanding shares	0	0	
Ratio of accumulated number of outstanding shares to the total number of issued shares (%)	0%	0%	

Note : The number of fields is adjusted based on the actual number of shares issued.

## 10. The status of Corporate bonds, preferred shares, global depository receipts, and employee stock warrants, merger activities (including mergers, acquisitions, and demergers)

### (1) Corporate Bond

#### Corporate Bond status

Corporate bond type (Note 2)	First domestic unsecured convertible corporate bond (Note 5)	
Issuing (processing) date	June 30, 2011	
Face value	NT\$100,000	
Place of issuance and trading (Note 3)	Taipei Exchange (TPEX)	
Issuing price	NT\$ 100	
Total Amount	NT\$ 300,000,000	
Interest rate	0%	
Duration	Three years; maturity date: June 30, 2014	
Assurance agency	None	
Trustee	Hua Nan Commercial Bank	
Underwriter	Grand Fortune Securities	
Attorney	ACROSS Law Office Zhan Kang Rong	
Accountant	KPMG Taiwan Zhang Shu Ying	
Repayment method	According to repayment method Conversion or Redemption, repayment of principal in cash upon remaining maturity	
Outstanding principal amount	Not applicable	
Terms of redemption or early repayment	Please refer to the issuing and conversion method.	
Restrictions (Note 4)	Not applicable	
Credit rating agency, date of assessment and corporate bond assessment results	Not applicable	
Other rights	As of the date of publication of the annual report, the amount of conversion (exchange or subscription) common stock, overseas depository receipts or other securities	The change of registration was completed on June 30, 2014. NT\$ 0.
	Issuing and conversion (exchange or subscription) method	Please refer to the issuing and conversion method.
Possible impact of the issuance and conversion (or exchange or subscription) method or issuing conditions on the dilution of equity and existing shareholders' rights	The issuance of the convertible corporate bond , to prevent profits erosion, also can reduce the shares dilution of existing shareholders and equity increases, diluted earnings per share shall best meet the interests of shareholders.	
Custodian of the subject after conversion	Not applicable	

Note1 : The corporate bonds being processed include public and private corporate bonds being processed. The public corporate bonds being processed refer to those already approved by the SFC, and the private corporate bonds being processed refer to those already approved by the board of directors.

Note 2 : The number of fields is adjusted based on the actual number of processing.

Note 3 : For overseas corporate bonds.

Note 4 : For example, restrictions on the payment of cash dividends, foreign investment or the requirement to maintain a certain proportion of assets.

Note 5 : For a private issue, please mark in a noticeable manner.

Note 6 : For convertible corporate bonds, exchangeable corporate bonds, corporate bonds issued under a general declaration or corporate bonds with subscription rights attached, please disclose in the table according to their nature the information of the convertible corporate bonds, exchangeable corporate bonds or corporate bonds with subscription rights attached, or the status of the corporate bonds issued under a general declaration.

Information about the convertible corporate bond

Corporate bond type (Note 1)		First domestic unsecured convertible corporate bond		
Item	Year	2012	2013	2014
	Market price of the convertible corporate bond(Note 2)	Highest	101.80	101.80
Lowest		91.00	100.65	100
Average		97.22	101.18	100.9
Conversion price		9.40	9.40	9.40
Issuing (processing) date and the conversion price at the time of issuance		June 30, 2011 NT\$ 9.85	June 30, 2011 NT\$ 9.85	June 30, 2011 NT\$ 9.85
Conversion method (Note 1)		Converted 386 corporate bonds NT\$ 38,600,000 into common shares 3,918,760.	Converted 386 corporate bonds NT\$ 38,600,000 into common shares 3,918,760.	The change of registration was completed on June 30, 2014.

Note 1 : The number of fields is adjusted based on the actual number of processing.

Note 2 : If there are multiple trading locations for overseas corporate bonds, shall be listed separately according to the trading locations.

Note 3 : Delivery of issued shares or issuance of new shares.

Note 4 : The information for the current year as of the date of publication of the annual report shall be filled in.

(2) Preferred shares, preferred shares with warrants : None.

(3) Overseas Depositary Receipts : None.

(4) Issuance of Employee Stock Warrants and New Restricted Employee Shares : None.

(5) Issuance of New Shares for Acquisition or Exchange of Other Companies' Shares : None.

**11. Financing Plans and Implementation : None**

## V. The overview of business operations

### 1. Description of the business

(1) Business scope :

#### 1 . Main Business

1. C301010 Yarn Spinning Mills
2. C302010 Weaving of Textiles
3. C305010 Printing, Dyeing, and Finishing
4. C306010 Wearing Apparel
5. C801120 Manufacture of Man-made Fibers
6. C801990 Other Chemical Materials Manufacturing
7. C399990 Other Textile and Products Manufacturing
8. H701010 Housing and Building Development and Rental
9. H701020 Industrial Factory Development and Rental
10. H701040 Specific Area Development
11. H701050 Investment , Development and Construction in Public Construction
12. H701060 New Towns, New Community Development
13. H703090 Real Estate Commerce
14. H703100 Real Estate Rental and Leasing
15. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

#### 2 . Business weighting :

Unit : NT\$ thousand

Item	Revenue 2021	Business weighting
Polyester yarn	1,676,483	40.43%
Textured yarn	920,993	22.21%
Plain woven and knitted fabric	556,057	13.41%
Polyester chip	732,437	17.67%
Rental income	181,444	4.38%
Other	78,765	1.90%
Total	4,146,179	100.00%

- 3 . The company's current products : polyester yarn, polyester textured yarn, knitted narrow fabric.

4 · New products planned for development :

Fiber type	Composition	Usage	Feature
Anti-electromagnetic wave yarn	Made of metallic alloy yarn and polyester filament	Used for shielding electromagnetic wave emitters such as mobile phone cover, microwave oven, anti-magnetic wave protective clothing and aerospace industry	It has anti-electromagnetic and good thermal dimensional stability
Heat accumulating yarn	Adding heat accumulation masterbatches to shaped section spinning	Used for all kinds of garment fabrics (such as men's and women's apparel and trousers)	Increase 5 degrees of warmth compared to normal materials

(2) Overview of the Industry :

1. Current status and development of the industry :

The Regional Comprehensive Economic Partnership (RCEP) is a free trade agreement initiated by the ten countries of the Association of Southeast Asian Nations (ASEAN), and currently joined by five other countries, including China, Japan, Korea, Australia, and New Zealand, making a total of fifteen countries. As ASEAN has signed FTAs with other member countries, the degree of openness has exceeded several percent, so the impact on Taiwan's textile industry is limited. However, we must pay attention to the development of man-made fiber textiles in ASEAN's major competitor countries, such as China, Japan and Korea, in order to accurately grasp the market trend and to formulate a suitable competitive response strategy.

In late 2019, a new coronal pneumonia (covid-19) outbreak in Wuhan City, Hubei Province, China, and spread rapidly around the world in early 2020. In order to control the epidemic, countries have taken strong measures to block the epidemic areas or restrict the entry of non-citizen. Some countries could not even import or export goods, resulting in an instant stop of the international supply chain. Coupled with the wrestling among oil producing countries, made oil come to a historical low, has made the price of chemical fiber raw materials fall all the way. Due to the epidemic situation in the United States, Europe and other major consumer countries, many brands have closed down their local market bases, resulting in a sharp drop in demand. The delay in delivery and even cancellation of orders by brands have made the impact on the industry even worse.

In the post epidemic era, the changes in the industrial supply chain may be that consumers reduce the frequency of purchase and turn to functional and durable apparel. Moreover, consumer behavior tends to be conservative and cautious. At the same time, due to the change of lifestyle for a long time at home, there is a high demand for leisure apparel. Therefore, the general direction of intelligent manufacturing in textile technology is: comfort health and sustainability, from cost orientation mass production to demand-based production, from line supply chain to



network supply chain, from manual data interpretation, abnormal post-event analysis to high-speed precision decision-making and timely command management. Sustainable marketing is still the main axis of development. We are investing in textile recycling system and develop easy-to-recycle and easy-to-decompose production materials to reduce water consumption and save energy, so as to achieve a new business model of recycling and reuse.

In the development of functional fiber, in addition to the original high warmth, light weight, high water absorption, quick drying, UV protection, far infrared, spandex and other fibers, as well as the products of thermal clothing and cool clothing that emphasize temperature management, the functional demand will be transformed into the basic demand of clothing in the future, in addition to health management and protection functions.

## 2 . Upstream, midstream and downstream correlations of the industry :

### (1) Upstream PAT, EG part :

a. The main raw materials of polyester chip are ethylene glycol (EG) and pure terephthalic acid (PTA). In the market in 2021, demand should be the main factor of price fluctuation. Raw material manufacturers will adjust the production capacity according to the market demand., to avoid price fluctuation due to changes in demand.

b. Shale oil, shale gas technology breakthroughs and its low cost, although the oil-producing countries have a consensus to moderate production capacity, due to geopolitical war and political factors, oil prices still need to pay more attention.

### (2) Middle and downstream parts :

In the post-epidemic era, with the development of the textile supply chain, the needs of various brands will be adjusted according to the epidemic situation.

## 3 . Development trend and competition of the products :

The company's products include textured yarn, automotive cladding materials, the development of automotive cladding materials 100% are for export sales, the current car market has strong pulling power and good growth momentum, in addition the gross margin of its products is affected by the appreciation of Taiwan dollar, but it is still a stable profit support for the company.

## 4 . Promotion of functional textiles, nanotechnology and international

certification :

At present, the global textile products for apparel and home decorations are gradually moving toward functional and environmental friendly textiles, and functional textiles not only focus on the biological needs of human body ( Such as moisture wicking, self-heating and heat preservation, antibacterial health care ) , but also closely integrate with the mainstream consumer market. In recent years, due to the change in lifestyle, young consumers have become enthusiastic about night running, marathon, and outdoor camping, which has led to the development of breathable textile footwear, self-luminous fiber and outdoor leisure sports accessories. Due to the abnormal climate, and the large difference between heat and cold, the development of light and thin fibers that can absorb moisture and wick away sweat while keeping warm is the trend of fashion.

After a long period of OEM and ODM in Taiwan's textile industry, operators gradually began to think about the influence of private brands and channels in the consumer market. Therefore, from physical channels to online internet virtual stores, through online communities, Facebook tweets, quick warehousing and delivery combined with convenience stores, we strengthened OBM's own brand management with the characteristics of functional fibers through the successful products reputation, and move toward higher economic efficiency.

(3) Overview of Technology and R&D :

- 1 · The Company's R & D expenses for the most recent year and up to the date of publication of the annual report : zero.
- 2 · Development of successful technologies or products :  
Biodegradable environmental protection fiber, graphene antibacterial fiber, copper ion antibacterial fiber product development.

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

- 1 · Short-term development plans :  
We are constantly innovating, researching and developing new technologies, deep cultivation of domestic and export markets, and cooperate with the development of differentiated high value-added products. In response to brand trends and demands, in addition to conventional recycled yarn sales, but also cooperate with international brands to develop other recycled yarn specifications, in order to achieve a win-win situation.
- 2 · Long-term development plans :  
Focus on research and development of new products and development of new markets.

## 2. Market and Sales Overview

(1) Market analysis :

1. Sales of main product by region

Unit : NT\$ thousand

Year Sales Region	2020		2021	
	Sales Amount	Sales Proportion	Sales Amount	Sales Proportion
Taiwan	1,630,545	60.23%	3,018,782	72.81%
Asia	786,477	29.05%	815,545	19.67%
Americas	148,777	5.50%	174,076	4.20%
Europe	74,985	2.77%	66,360	1.60%
Africa	66,431	2.45%	71,416	1.72%
Total	2,707,215	100.00%	4,146,179	100.00%

## 2. Market share and future supply and demand situation and growth :

- (1) In 2020, the production capacity of polyester fiber factory, the company's domestic market share of about 8%. (source: Taiwan Man-Made Fiber Industries Association)
- (2) Polyester textured yarn products are improving in the direction of customization and differentiation.
- (3) Market supply and demand and growth in the future:

Taiwan remains a major producer of functional fibers in the world, and the man-made fiber manufacturing industry is the upstream of the textile industry and the focus of the development of the textile industry in Taiwan. Although under the global trend of regional economic integration, the Company still has an advantageous business opportunity over other industry players with its foundation and market access.

## 3. Favorable and unfavorable factors of competitive niche and development prospects and Countermeasures:

- (1). Competitive advantage :
  - a. Strong innovation ability, low manufacturing cost and strong international marketing ability.
  - b. Every entrepreneur has a strong ambition.
  - c. The operation of enterprises is flexible, and vertical integration of upstream, middle and downstream has been formed.
- (2). Competitive disadvantage :
  - a. The products are too concentrated on large products.
  - b. The industry is mainly engaged in production, and few key technologies are invested in long-term research and development.
  - c. International organizations are not easy to join and there is many trade barriers.
- (3). Development opportunities :
  - a. Domestic market demand, European, American and Japanese markets continued to increase.
  - b. Develop functional special textile fibers to increase added value.
  - c. Combine the upstream manufacturing industry and the downstream textile industry, to create innovative materials.
- (4). External threats :
  - a. Facing competition from China, South Korea and Southeast Asia for low-priced bulk products.
  - b. The market of high value-added technology products is restricted by advanced countries in Europe, America and Japan.
  - c. The impact of COVID-19 epidemic has changed the demand of consumers.
- (5). Countermeasures :
  - a. Develop differentiated products, enhance the added value of products, increase product selling price and profit.

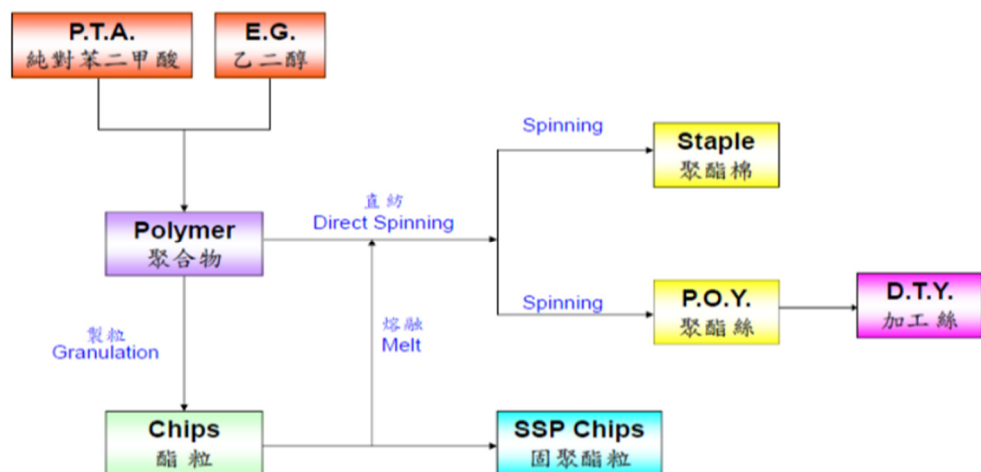
- b. Master product design and channel marketing, strengthen brand sales and after-sales service, and enhance brand marketing and product market differentiation through high quality and reputation of downstream functional textile products.
- c. Actively participate in the project counseling of Taiwan Textile Federation, Taiwan Textile Research Institute, and Industrial Technology Research Institute and cooperate with academic institutions to cultivate professional talents in related fields.

(2) Important use and manufacturing process of main products :

1. Main product uses

- a. Polyester yarn: mainly used for false-twist processing and warp knitting.
- b. Textured yarn is mainly used for weaving various plain woven and knitted fabrics and zipper ribbon weaving etc.

2. Manufacturing process



(3) Supply of main raw materials

- 1. Raw material : PTA/ET
- 2. Product : Polyester yarn
- 3. Major source of supply: Oriental Petrochemical, Oriental Union chemical Corp.  
Polyester yarn Textured yarn Tainan spinning Co., Ltd., Far Eastern Textile Ltd

(4) A list of any suppliers and clients accounting for 10 % or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years :

1 · List of major clients :

No clients with more than 10% of the total purchase amount in the last two years, so it shall not be disclosed.

2 · List of Major purchase from clients in the last two years :

Data of major supplier for the last two years

Unit : NT\$ thousand

Item	2020				2021			
	Company	Amount	Annual net purchase [%]	Relationship with issuer	Company	Amount	Annual net purchase [%]	Relationship with issuer
1	Oriental Petrochemical	752,009	44.14	None	Oriental Petrochemical	1,374,740	48.51	None
2	Oriental Union	296,890	17.43	None	Oriental Union	499,538	17.63	None
	Other	654,646	38.43		Other	959,443	33.86	
	Net Purchase	1,703,545	100.00		Net Purchase	2,833,721	100.00	

Note : As of the date of first quarter financial report hasn't been audited and reviewed by CPA, so it shall not be disclosed.

(5) Production value in the last two years :

Unit : MT/NT\$ thousand

Year Production value Product name	2020			2021		
	Capacity	Output	Output Value	Capacity	Output	Output Value
Polyester Textured Yarn	19,754	12,513	597,174	20,840	20,105	776,303
Polyester Yarn	80,000	45,660	1,230,057	80,000	63,512	2,034,627
Polyester Chip	91,800	62,147	1,183,439	91,800	86,413	2,097,188
Other	0	64	11,055	0	989	24,653
Total	191,554	120,384	3,021,725	192,640	171,019	4,932,771

(6) Sales value for the last two years :

Unit : MT/NT\$ thousand

Year Sales value Name	2020				2021			
	domestic sales		export sales		domestic sales		export sales	
	sales	value	sales	value	sales	value	sales	value
Polyester Textured Yarn	10,592	444,260	3,532	188,915	13,388	724,959	2,797	196,034
Polyester Chip	2,641	43,723	16,420	323,983	15,133	379,292	14,428	353,145
Polyester Yarn	38,242	1,001,450	185	5,182	51,448	1,662,751	506	13,732
Plain woven and knitted fabric	0	0	164,142	529,568	0	0	155,679	556,057
Rental Income	0	158,578	0	0	0	181,444	0	0
Processing income	0	0	0	0	4,736	77,170	0	0
Other	0	11,556	0	0	0	1,595	0	0
Total	51,475	1,659,567	184,279	1,047,648	84,705	3,027,211	173,410	1,118,968

### 3. The number of employees employed for the 2 most recent fiscal years

Year		2020	2021	Current year as of March 31, 2022
Number of employees	Indirect staff	123 people	129 people	128 people
	Direct staff	198 people	193people	192 people
	Part-time staff	82 people	61 people	60 people
	Total	403 people	383 people	380 people
Average age		43	47	47
Average length of service		6 years	9 years	9 years
Education level distribution ratio	Masters	4.21%	4.21%	4.21%
	University(College)	38.51%	40.00%	40.39%
	High school	40.45%	36.94%	36.72%
	Below high school	16.83%	18.85%	18.67%

### 4. Disbursements for environmental protection :

Losses (including remedial measures), total amount of penalties (including remedies) and total expenditures (including the estimated amount of compensation, fines or penalties) due to failure in taking responsive action in the recent years or as of the date of publication of the annual report. If it is not feasible to make a reasonable estimate, it shall be clearly indicated as such: Not applicable

### 5. Labor relations :

#### (1). Employee Benefit Measures :

1 · Since the company's establishment, we have attached great importance to the harmony of labor relations and employee welfare, and considered employees as the most important assets of the company, and have taken humane factors into full consideration in the design of various management systems, while actively seeking benefits for employees. The benefits and personnel system are described as follows.  
:

- (1) Personnel System : All personnel regulations, such as appointment, promotion, salary, reward and punishment, vacation, retirement benefits, severance, and pension, etc., are based on the basic spirit of the Labor Standards Act, and the most favorable considerations are made for employees to achieve the purpose of taking care of them.
- (2) General Benefits : The Company spares no effort in promoting employee welfare business. The welfare includes facilities such as cafeteria, dormitory, library, recreation room, basketball court, etc., and provides uniforms. In addition, there are gifts for annual festivals, wedding and funerals, childbirth subsidies, year-end parties, travels, dinners, and scholarships for employees' children, etc., so that employees can share the achievements of the company's management.

- 2 · Employee continuing education and training :  
The Company regards its employees as an important asset and spares no effort in cultivating them. In addition to regular internal training and experience sharing, the company often sends its employees to attend professional courses and seminars and then reports to colleagues in the unit to improve the quality of employees.
  - 3 · Employee retirement systems : The Company has settled the old pension system with all employees and all employees are now on the new pension system.
  - 4 · Labor-management agreements and measures for preserving employees' rights and interests : To ensure harmonious labor relations and smooth communication channels, all factories hold regular factory meetings and set up suggestion boxes to fully respond to employees' opinions, and the opinions of employees are coordinated and handled by the relevant departments, communication with each other on a regular and irregular basis to build consensus. Since the establishment of the Company, labor relations have been very harmonious, and no labor disputes have occurred. In the future, both employers and employees will continue to uphold the principle of unity between employers and employees, and strengthen communication so that no labor disputes will occur.
- (2) List any losses suffered by the company in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided. : N/A.

## 6. Cyber Security Management

- (1) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

### 1. Cyber Security Policy

Established date : December 30, 2005	Amendment date : January 5, 2022	Current version : 4
<p>A. Establishment of Cyber Security Policy</p> <p>(1) Objective To strengthen cyber security management and to protect the Company's information assets from damage, whether internal or external to the Company, as well as from man-made, intentional or accidental damage. In accordance with the "Information Security Management Directions for the Executive Yuan and its Subordinate Agencies" the "Intellectual Property Law," the "Protection of Computer Processed Personal Data" and the "Guidelines for Cyber Security of TWSE Listed and TPEx Listed Companies" and in consideration of the Company's business needs, the Company's information security policy has been formulated and made available to relevant personnel for common compliance.</p> <p>(2) Definition</p>		

The nature of information security is to maintain the confidentiality, integrity and availability of computer data.

1. Confidentiality : Information assets are graded as to the degree of its confidentiality, and is given the standards and protection appropriate to that degree of confidentiality.
2. Integrity : The integrity of all information assets is protected so that it may be appropriately utilized by the organization.
3. Availability : Timely and accurate services are assured for all items of information assets in order to satisfy the needs of users.

(3) Goals

To ensure the Company's business-related computer information, systems, equipment and networks are safe from misuse, leakage, tampering and destruction of information assets due to man-made negligence, intentional damage or natural disasters, which may affect the normal operation of computer operating systems or damage the Company's interests.

(4) Scope

The scope of the Cyber Security Policy contain the following matters :

1. Cyber security policy formulation and evaluation
2. Cyber security organization and authority and duties
3. Personnel security management and education training
4. Control of information assets
5. Management of physical and environmental safety
6. Management of communications and operations
7. System access control
8. Management of security for system development and maintenance
9. Management of business continuity
10. Internal audit and others

(5) Applicability

The matters regulated by the Policy applies to personnel within the Company's certified staff, contract personnel, outsourcing companies, and all related information assets and agencies with online operations linked to the Company, for those who are involved in the management of information security assets, they are responsible for implementing the policy and will be supported by the Company's management.

(6) Organization

1. The Company's planning, promotion, evaluation and auditing of cyber security management matters are carried out by the following units, which together form the information security management team : the supervisor of the general manager's office at the manager (deputy manager) level or above is responsible for management, coordination and approval, the information unit is responsible for liaison and implementation, and the auditing unit is responsible for regular audits.
2. In response to the evolution of the scope of cyber security, the Information Security Management Unit, depending on the needs of the mission, may set up sub-level implementation units under the Information Security Management Unit to be dedicated to the assigned cyber security control areas.

2. Review of Cyber Security Policy



- (1) The Cyber Security Policy is independently and objectively evaluated once a year to reflect the latest status of the Company's cyber security management policy, relevant laws and regulations, cyber technology environment and business, to ensure that the cyber security practices do comply with the Cyber Security Policy and to ensure the feasibility and effectiveness of the cyber security practices.
- (2) Cyber security policy evaluations shall be conducted in an independent and objective manner, either external auditors with professional skills and knowledge or outsourced to an outside professional institution or group.
- (3) Security evaluation of cyber systems and technology applications shall be conducted annually by information security personnel or information security supervisors for the following targets and priorities to ensure compliance with cyber security policies and regulations. If the Company lacks sufficient personnel and experience to meet its cyber security needs, it may retain outside professional private-sector organizations or groups to provide information security consulting services.
  1. Information software, hardware and operating systems : Ensure that system software and hardware security measures are properly and effectively implemented.
  2. Electromagnetic data : To ensure that appropriate protection measures and legal usage are taken in the use and management of the data.
  3. System providers, system maintainers, information system administrators, data owners, users and other related personnel : Review whether the relevant personnel comply with this Cyber Security Policy and relevant regulations.
- (4) Expression of cyber security policy and regulations
  1. Through the announcement procedure, all personnel will be instructed to understand the relevant provisions of the Company's cyber security policy, in order to common comply with.
  2. Any violation of information security-related regulations by employees shall be handled in accordance with the procedures of the Personnel Management Regulations.
  3. In case of cyber security emergencies or new major cyber security policies, meetings may be held from time to time to discuss, approve and handle matters.

### 3. Responsibilities and Obligations

- (1) The Information Security Management Unit shall amend this Policy in a timely manner to ensure that this Policy meets the needs of the Company.
- (2) The Company's senior management shall actively participate in cyber security management activities, provide support and commitment to cyber security, and review this policy in a timely manner.
- (3) The Company's employees, contracted personnel, outsourced service providers, all related information assets, and organizations that operate in connection with the Company shall comply with and implement the requirements of this policy; the Company's employees shall report any cyber security incidents or weaknesses identified in a timely manner.
- (4) Failure to comply with this policy or any other act that endangers the security of the Company's information will be subject to appropriate disciplinary proceedings or legal action.

### 4. Notification and Response of Cyber Security Incident

- (1) When the information asset security is threatened, violated or attacked, the first person who finds it shall respond to the information unit, and after initial investigation and filtering, if the situation is serious enough to affect the operation, the information security management unit and the general manager shall be notified, and relevant resources shall be used to deal with it as soon as possible. Information security management unit shall report to the board of directors in a timely manner the scope of impact and the final disposition of the matter in accordance with the results of the phased treatment, and may seek compensation through legal channels if there is a clear-cut damage to rights and interests.
  - (2) Information units shall take the first line of prevention and recovery after receiving information about a security incident. If unable to solve the problem by themselves, they shall seek technical support from external companies as soon as possible, with the goal of minimizing damage; during the process, they shall keep the specific facts of the damage as evidence for future investigation.
5. The Cyber Security Policy is reviewed by the Information Security Management Unit and approved for implementation by the deputy general manager or above, and the same applies to any amendments.

## 2. Cyber security risk management evaluation and management plan, input resources

The company uphold to the principles of applicability, timeliness and appropriateness in its investment in cyber environment maintenance and cyber security threat prevention programs. The company also controls cyber security risks in accordance with the internal control system, and makes continuous improvement by referring to external examples or cyber security company's suggestions. The evaluation of cyber security risks is based on the following 10 categories and 209 items (Amended in accordance with "The enterprise information security risk assessment " of the ISACA Taiwan chapter). Self-evaluation and analysis are conducted regularly from December to January every year. Self-evaluation and analysis conducted by cyber security engineers and cyber security supervisors, high, medium and low ratings are given according to the achievement or integrity of the audit items. After quantitative statistics, review and improvement measures are proposed according to the higher risk segments. The latest implementation period was December 21, 2021 to January 5, 2022. The report was presented to the general manager for review and provide internal and external audit. The implementation results and various cyber security control and protection measures are summarized as follows :

No.	Assessment item	Risk Range (%)			Major control item
		Low	Medium	High	
1	Information security policies	70	30	0	<ol style="list-style-type: none"> <li>1. Establish a security organization, responsibilities, and incident notification and handling procedures.</li> <li>2. Regularly reviews the risk assessment and amend the information security policy</li> </ol>
2	Information security organization	82	18	0	<ol style="list-style-type: none"> <li>1. Establish the information security management team and personal data protection team.</li> <li>2. Establish the emergency response measures and reporting procedures for information security</li> </ol>
3	Personnel security and management	30	70	0	<ol style="list-style-type: none"> <li>1. The internal control system defines the operating authority for information personnel and users, and the operating criteria for personnel changes and resignations.</li> <li>2. Account and access permission review every 6 months.</li> <li>3. Regularly census the employee computer usage record to prevent personal internet usage every year.</li> </ol>
4	Classification of information assets and control management	33	67	0	<ol style="list-style-type: none"> <li>1. Establish an inventory list of information software and hardware assets.</li> <li>2. Regularly census computers to identify software and hardware assets every year.</li> </ol>
5	Physical and environmental security management	75	25	0	<ol style="list-style-type: none"> <li>1. The devoted server room has temperature and automatic power controller.</li> <li>2. Install anti-virus software on servers and personal computers. Computers with important tasks shall be backed up regularly every day. The number of backups should be at least 2 copies.</li> <li>3. Operational databases adopts 2 host computer real-time backup, and rotate operations after regular accident simulation drill every six months.</li> <li>4. Regular vulnerability scans of critical servers or network devices</li> </ol>
6	Communications and operations management	76	21	3	<ol style="list-style-type: none"> <li>1. The email server has self-defense and preservation audits functions, and use Hinet email gatekeeper to filter suspicious and malicious emails in the cloud.</li> </ol>

					<p>2. Analyze the firewall logs daily and use Trend Micro Cloud One™ antivirus and anti-hack software to analyze and record internet behavior, to prevent internal and external abnormal behaviors immediately.</p> <p>3. Immediately promote cybersecurity, notification or cases, raise awareness for cybersecurity.</p> <p>4. Use Hinet new UTM of anti-hacking gatekeepers and advanced network defense services to expand the breadth and depth of defense and prevent internal and external attacks.</p>
7	Access Control	81	19	0	<p>1. Set access permission for electronic files according to departments and individuals.</p> <p>2. Application for external links operations must be approved by the department head &amp; vice president and above.</p> <p>3. E-mail distinguishes permissions . Personnel who doesn't need external contacts can only send internal emails.</p> <p>4. When the HR system reads personal data, it automatically records the access paths.</p>
8	System development and maintenance	76	18	6	<p>The self-developed and maintained application system, when planning and analysis, the security requirements are taken into consideration to prevent external intrusion and tampering.</p>
9	Sustainable project management	67	33	0	<p>1. The operational database is drilled simulate an accident and tested regularly every six months.</p> <p>2. Establish emergency response plan for important equipment, for compliance and response in case of major information security incidents.</p>
10	Internal audit and others	75	25	0	<p>1. During the annual computer census, the company shall be notified of the scope of software authorization, and software beyond the specifications shall be removed or provide license; software and hardware census data shall be updated at any time according to the asset status.</p> <p>2. The information department regularly self-assess the security of information operation environment every year.</p>

					3. Internal auditors and accountant regularly audit information control operations every year.
Security Assessment Results (%)	73	26	1		Important matters to be implemented or in progress : 1.Establish off-site backup environment and mechanism. 2.Cooperate with information security company to protect the management of penetration attack and SOC, so as to obtain the information security control capability of pre-detection, mid-event monitoring and response, and post-event identification and recovery.

- (2) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided. : None.

## 7. Important contracts :

March 31, 2022

Nature of contract	Counterparty	Period	Major Contents	Restrictions
Long-term secured loans	Mega International Commercial Bank	2018/1/18-2024/01/18	Land loans	None
Long-term secured loans	Hua Nan Commercial Bank	2020/01/10-2040/12/10	Construction loan	Noe
Long-term secured loans	Taiwan Business Bank	2018/01/29-2038/01/29	Construction loan	Noe
Long-term secured loans	Land Bank of Taiwan	2018/06/29-2038/08/31	Construction loan	None
Long-term secured loans	First Commercial Bank	2020/07/31-2040/11/30	Construction loan	None
Long-term secured loans	Changhua Bank	2021/05/03-2036/05/03	Construction loan	None

## VI. Overview of Financial Status

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

#### (1) Condensed balance sheet and consolidated income statement

##### Condensed balance sheet

Unit : NT\$ thousand

Item	Year	Financial information in the last 5 years (Note 1)				
		2017	2018	2019	2020	2021
Current Assets		4,030,785	2,492,439	3,981,717	2,623,803	2,858,222
Property, plant and equipment		4,494,382	3,650,268	3,482,794	3,436,768	3,379,493
Other assets		5,058,538	10,317,472	10,753,333	11,720,243	12,282,088
Total Assets		13,583,705	16,460,179	18,217,844	17,780,814	18,519,803
Current liabilities	Before distribution	3,568,342	2,572,191	3,870,617	2,269,091	2,142,960
	After distribution	3,779,495	2,783,344	4,021,441	2,570,739	-
Non-current liabilities		3,333,040	6,670,543	6,937,805	7,748,525	8,482,659
Total liabilities	Before distribution	6,901,382	9,242,734	10,808,422	10,017,616	10,625,619
	After distribution	7,112,535	9,453,887	10,959,246	10,319,264	-
Consolidated Net Income Attributed to Stockholders of the Company		3,923,318	4,272,854	4,133,575	4,616,304	4,584,810
Share Capital		3,016,476	3,016,476	3,016,476	3,016,476	3,016,476
Capital surplus		345,683	367,960	419,079	458,206	500,655
Retained earnings	Before distribution	819,324	1,179,021	1,043,639	1,401,974	1,300,929
	After distribution	608,171	967,868	892,815	1,100,326	-
Other equity interest		(4,425)	7,873	(20,939)	65,111	110,953
Treasury stock		(253,740)	(298,476)	(324,680)	(325,463)	(344,203)
Non-controlling Interest		2,759,005	2,944,591	3,275,847	3,146,894	3,309,374
Total equity	Before distribution	6,682,323	7,217,445	7,409,422	7,763,198	7,894,184
	After distribution	6,471,170	7,006,292	7,258,598	7,461,550	-

Note 1 : Financial report has been audited and signed by CPA.

## Condensed Consolidated Income Statement

Unit : NT\$ thousand

Item \ Year	Financial information in the last 5 years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenues	5,055,939	5,646,982	4,071,473	2,707,215	4,146,179
Gross profit	548,367	697,693	555,208	205,341	555,950
Net operating income	226,752	411,889	699,972	905,331	330,027
Non-operating income and expenses	569,995	327,968	(49,325)	(95,044)	66,658
Net Profit before income tax	796,747	739,857	650,647	810,287	396,685
Income from Continuing Operation	709,000	704,976	615,729	632,321	366,132
Loss from Discontinued Department	0	0	(45,044)	(75,635)	0
Net income(Loss)	709,000	704,976	570,685	556,686	366,132
Other comprehensive income (income after tax)	(80,843)	(87,134)	(42,451)	114,054	70,600
Total comprehensive income	628,157	617,842	528,234	670,740	436,732
Profit attributable to equity holders of the Company	605,154	495,387	230,303	644,257	200,603
Net profit attributable to Non-controlling Interest	103,846	209,589	340,382	(87,571)	165,529
Comprehensive Income attributable to equity holders of the Company	524,360	440,103	201,491	746,033	246,445
Comprehensive Income attributable to non-controlling Interest	103,797	177,739	326,743	(75,293)	190,287
Earnings per share	2.52	2.13	1.02	2.89	0.90

Note1 : Financial report has been audited and signed by CPA.

## (2) Concise Individual Income Statement – Independent

## Concise Individual Income Statement

Unit : NT\$ thousand

Item	Year	Financial information in the last 5 years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		2,495,873	972,914	2,560,999	923,641	721,080
Property, plant and equipment		745,825	713,271	82,669	40,564	39,112
Intangible assets		0	0	0	0	0
Other assets		4,860,675	6,665,691	6,171,386	7,030,834	7,889,436
Total assets		8,102,373	8,351,876	8,815,054	7,995,039	8,649,628
Current liabilities	Before distribution	2,401,230	1,322,090	2,650,653	803,427	859,132
	After distribution	2,612,383	1,533,243	2,801,477	1,105,075	-
Non-current liabilities		1,777,825	2,756,932	2,030,826	2,575,308	3,205,686
Total liabilities	Before distribution	4,179,055	4,079,022	4,681,479	3,378,735	4,064,818
	After distribution	4,390,208	4,290,175	4,832,303	3,680,383	-
Equity		3,923,318	4,272,854	4,133,575	4,616,304	4,584,810
Share capital		3,016,476	3,016,476	3,016,476	3,016,476	3,016,476
Capital surplus		345,683	367,960	419,079	458,206	500,655
Retained earnings	Before distribution	819,324	1,179,021	1,043,639	1,401,974	1,300,929
	After distribution	608,171	967,868	892,815	1,100,326	-
Other equity interest		(4,425)	7,873	(20,939)	65,111	110,953
Treasury Stock		(253,740)	(298,476)	(324,680)	(325,463)	(34,203)
Total equity	Before distribution	3,923,318	4,272,854	4,133,575	4,616,304	4,584,810
	After distribution	3,712,165	4,061,701	3,982,751	4,314,656	-

Note1 : Financial report has been audited and signed by CPA.



Condensed Consolidated Income Statement — Independent financial report

Unit : NT\$ thousand

Item \ Year	Financial information in the last 5 years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenues	1,569,312	1,765,101	912,856	807,592	763,924
Gross profit	156,736	243,952	289,287	189,619	171,610
Operating income(loss)	(5,767)	118,784	203,398	1,067,447	87,210
Non - operating income and expenses	679,897	428,129	80,057	(184,382)	123,586
Net profit before income tax	674,130	546,913	283,455	883,065	210,796
Income from Continuing Operation	674,130	546,913	275,347	719,892	200,603
Loss from Discontinued Department	0	0	(45,044)	(75,635)	0
Net income(Loss)	605,154	495,387	230,303	644,257	200,603
Other comprehensive income(income after tax)	(80,794)	(55,284)	(28,812)	101,776	45,842
Total comprehensive income	524,360	440,103	201,491	746,033	246,445
Earnings per share	2.52	2.13	1.02	2.89	0.90

Note1 : Financial report has been audited and signed by CPA.

(4) Auditing CPAs and audit opinions in the past five years :

Year	Name of CPAs	Audit opinion	Auditor change
2017	Chang, Shu-Ying Lian, Shu-Ling	Unqualified opinion	None
2018	Lian, Shu-Ling Chih, Shih-Chin	Unqualified opinion	Internal organizational change
2019	Chang, Shu-Ying Chih, Shih-Chin	Unqualified opinion	Internal organizational change
2020	Chang, Shu-Ying Chih, Shih-Chin	Unqualified opinion	None
2021	Chang, Shu-Ying Chih, Shih-Chin	Unqualified opinion	None

## 2. Financial analyses for the past 5 fiscal years

### Financial Analysis

Item		Financial analysis in the last 5 years (Note 1)				
		Year	2017	2018	2019	2020
Financial structure (%)	% Liabilities of liabilities to assets	50.81	56.15	59.33	56.34	57.37
	Long-term capital to Property, Plant and Equipment ratio (%)	222.84	380.46	411.95	451.35	484.59
Debt service ability(%)	Current ratio	112.96	96.90	102.87	115.63	133.38
	Quick ratio	89.50	56.67	77.90	82.61	95.36
	Interest coverage folds	11.60	7.09	5.63	7.29	4.17
Operating ability	Average collection turnover (Times)	8.38	8.98	6.36	4.98	9.54
	Average number of days	43.56	40.64	57.38	73.29	38.25
	Inventory turnover (Times)	5.37	5.62	3.74	9.27	4.93
	Payment turnover (Times)	11.37	10.71	9.12	9.27	11.10
	Average sales days	67.97	64.94	97.59	116.99	74.03
	Property, Plant and Equipment turnover (Times)	0.96	1.39	1.14	0.78	1.22
	Total assets turnover (Times)	0.40	0.38	0.23	0.15	0.23
Profitability	Return on total assets (%)	6.18	5.36	3.96	3.67	2.57
	Return on equity (%)	10.84	10.14	7.80	7.34	4.68
	Pre-tax net profit to paid-in capital ratio (%) (Note 7)	26.41	24.53	21.57	26.86	13.15
	Net profit margin (%)	14.02	12.48	14.02	20.56	8.83
	Earnings per share(NT\$)	2.52	2.13	1.02	2.89	0.90
Cash flow	Cash flow ratio (%)	12.82	12.03	1.52	(14.30)	36.80
	Cash flow sufficiency ratio (%)	35.72	56.95	54.23	66.74	76.58
	Cash flow Reinvestment Ratio (%)	4.65	1.85	(6.29)	(14.04)	9.40
Leverage	Operating Leverage	1.83	1.33	0.63	0.10	1.29
	Financial Leverage	1.50	1.42	1.25	1.17	1.61

Analysis of significant changes in financial ratios over the last two years (20% change) :

Note 1 : The above financial report has been audited and signed by CPA.

Explain the causes of changes in the financial ratios for the preceding 2 fiscal years (if the change is less than 20%, the analysis is exempted). :

1. Debt service ability :

Interest coverage folds : Mainly due to the increase in net income before income tax and interest expense because of the disposal of real estate in 2020 and no disposal of real estate in 2021, although the gross profit margin increased, however, the net income for the period decreased compared to the previous period.

2. Operating ability :

The Company was affected by the trade war between the U.S. and China and COVID-19, which resulted in a significant decrease in operating revenue and a decrease in accounts receivable turnover rate, total assets turnover rate and property, plant and equipment turnover rate, and an increase in the average days for cash receipts.

In 2021, operating income has recovered and increased significantly, therefore, accounts receivable turnover rate, total assets turnover rate and property, plant and equipment turnover rate have increased and the average days for cash receipts have decreased.

3. Profitability :

Mainly due to the disposal of real estate in 2020, the Company's net income increased. In 2021, no disposal of real estate resulted in an increase in gross profit margin but a decrease in net income compared to the previous period, resulting in a decrease in return on assets, return on equity, net income before income taxes to paid-in capital, net income ratio and earnings per share.

4. Cash flow :

In 2021, the Company's profitability in the textile main business increased and the cash flow ratio and cash reinvestment ratio improved due to cash inflows from operating activities.

5. Leverage :

Mainly due to the significant increase in operating income attributable to the Company's disposal of real estate in 2020, which resulted in a decrease in operating leverage and financial leverage in 2020. In 2021, operating income increased and operating profit recovered, so operating leverage and financial leverage increased.

## Financial Analysis – Independent Financial Report

Item		Year	Financial analysis in the last 5 years (Note 1)				
			2017	2018	2019	2020	2021
Financial structure (%)	Debts ratio		51.58	48.84	53.11	42.26	46.99
	Long-term capital to Property, Plant and Equipment ratio (%)		764.41	985.57	7456.73	17729.05	19918.43
Debt service ability (%)	Current ratio		103.94	73.59	96.62	114.96	83.93
	Quick ratio		94.72	49.74	87.00	108.34	73.39
	Interest coverage folds		16.26	9.72	5.56	21.39	5.61
Operating ability	Average collection turnover (Times)		5.33	5.68	2.56	2.49	3.46
	Average number of days		68.48	64.26	142.58	146.59	105.49
	Inventory turnover (Times)		6.71	6.08	2.31	4.09	8.51
	Payment turnover (Times)		13.82	12.97	5.48	5.68	6.03
	Average sales days		54.40	60.03	158.01	89.24	42.89
	Property, Plant and Equipment turnover (Times)		1.09	2.42	2.29	13.11	19.18
	Total assets turnover (Times)		0.22	0.21	0.11	0.10	0.09
Profitability	Return on total assets (%)		8.84	6.65	3.28	8.08	2.85
	Return on equity(%)		15.60	12.09	5.48	14.73	4.36
	Pre-tax net profit to paid-in capital ratio (%) (Note 7)		22.35	18.13	9.40	29.27	6.99
	Net profit margin(%)		38.56	28.07	25.23	79.78	26.26
	Earnings per share(NT\$)		2.52	2.13	1.02	2.89	0.90
Cash flow	Cash flow ratio(%)		4.97	4.94	3.77	(32.29)	27.62
	Cash flow sufficiency ratio(%)		19.19	16.05	22.58	6.24	5.12
	Cash flow reinvestment ratio(%)		(1.08)	(5.81)	(10.65)	(21.62)	(2.89)
Leverage	Operating Leverage		(15.83)	1.48	1.25	0.14	1.46
	Financial Leverage		0.12	2.12	1.44	1.04	2.10
Please analysis of significant changes in financial ratios over the last two years (20% change) :							

Note 1 : The above financial report has been audited and signed by CPA.

Explain the causes of changes in the financial ratios for the preceding 2 fiscal years (if the change is less than 20%, the analysis is exempted) :

1. Debt service ability :

1. Current ratio and quick ratio : The decrease in inventory and accounts receivable due to the discontinued operation of the Company's Tainan factory resulted in a decrease in current assets and a decrease in current ratio and quick ratio.
2. Interest coverage folds : The Company's net income before income tax and interest expense increased due to disposal of real estate in 2020 and no disposal of real estate in 2021, resulting in a decrease in net income.

2. Operating ability :

1. Accounts receivable' turnover rate: The average accounts receivable decreased due to the discontinued operation of the Company's Tainan factory, resulting in an increase in the weekly accounts receivable turnover rate and a decrease in the average days for cash receipts.
2. Inventory's turnover rate : Due to the discontinued operation of the Company's Tainan factory, the Company's average inventory decreased, resulting in an increase in inventory' turnover rate and a decrease in the average days for sale of goods.
3. Turnover rate for property, plant and equipment : Due to the discontinued operation of the Company's Tainan factory and disposal of property, plant and equipment, the average amount of property, plant and equipment decreased significantly, resulting in an increase of turnover rate.

3. Profitability :

Mainly due to disposal of real estate in 2020, the Company's net income increased. In 2021, no disposal of real estate resulted in an increase in gross profit margin but a decrease in net income compared to the previous period, resulting in a decrease in return on assets, return on equity, net income before income taxes to paid-in capital, net income ratio and earnings per share.

4. Cash flow :

In 2021, the Company's t profitability in the textile main business increased and the cash flow ratio and cash reinvestment ratio improved due to cash inflows from operating activities.

5. Leverage :

Mainly due to the significant increase in operating income attributable to the Company's disposal of real estate in 2020, which resulted in a decrease in operating leverage and financial leverage in 2020. In 2021, operating income increased and operating profit recovered, so operating leverage and financial leverage increased.

Note 1 : The fiscal year has not been audited and reviewed by CPA shall be indicated.

Note 2 : A company whose stock is listed on the Taiwan Stock Exchange or the Taipei Exchange, the previous quarter of current year shall also be included in the financial analyses before the date of publication of the annual report.

Note 3 : The financial ratios are calculated as follows :

1. Financial structure

(1) Debt to asset ratio = total liabilities / total assets.

(2) Long term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment.

2. Debt service ability

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

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Interest coverage ratio = net profit before income tax and interest expense / interest expense in the current period.

3. Operating ability

(1) Receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales / average receivables for each period (including accounts receivable and notes receivable due to business).

(3) Inventory turnover rate = sales cost / average inventory.

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

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

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

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

4. Profitability

(1) Return on assets = [after tax profit and loss + interest expense × (1 - tax rate)] / average total assets.

(2) Return on equity = after tax profit and loss / average equity.

(3) Net profit rate = after tax profit and loss / net sales.

(4) Earnings per share = (profit or loss attributable to parent company owner - special dividend) / weighted average number of issued shares. (Note 4)

5. Cash flow

(1) Cash flow ratio = net cash flow from operating activities / current liabilities.

(2) Cash flow adequacy ratio = net cash flow from operating activities / in the last five years (capital expenditure + inventory increase + cash dividend) in the last five years. (Note 5)

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long term investment + other non-current assets + working capital). (Note 5)

6. Leverage :

(1) Operating leverage = (net operating income - changing operating costs and expenses) / operating profit. (Note 6)

(2) Financial leverage = operating profit / (operating profit - interest expense).

Note 4 : The calculation of the earnings per share of the preceding paragraph shall pay special attention to the following :

1. Based on the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.

2. Where there is a cash replenishment or treasury stock trading, the weighted average number of shares shall be calculated during the period of circulation.

3. Where there is a surplus to capital increase or capital surplus to capital increase, the calculation of the earnings per share for the previous year and half-year should be adjusted by the proportion of capital increase, rather than the period the capital increase is issued.

4. If the preferred shares are non-convertible accumulative shares, its annual dividend (whether or not it is issued) shall be deductible from the net income or increased to net loss after tax. If the preferred shares are non-cumulative, then in the case of having a net profit after tax, the preferred dividend should be deducted from the net profit after tax; in the case of net loss after tax, no adjustments are required.

Note 5 : Cash flow analysis shall pay special attention to the following :

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditure refers to the annual cash outflow of capital investment.

3. The increase in inventories shall only be credited when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory is reduced at the end of the year, then the inventory amount should be accounted at zero.

4. Cash dividends include cash dividends for common stock and special shares.

5. Net plant property and equipment means the total amount of Property, plant and equipment before deducting accumulated depreciation.

Note 6 : The issuer shall distinguish between the operating costs and operating expenses being fixed or variables. When involved in the estimation or subjective judgments, one should pay attention to its rationality and consistency.

Note 7 : If the Company's shares are no par or not in the denomination of NT \$ 10, the calculation of the ratio of the paid-in capital shall be calculated based on the equity ratio of the balance sheet attributable to the owners of the parent company.

**3. Supervisors' report or audit committees' report on the latest financial statements:**

Audit Committee Report

The board of directors has prepared and presented the Company's 2021 business report, financial statements (including consolidated financial statements and parent company only financial statements) and appropriation of earnings. The financial statements have been audited by CPAs Zhang Shu Ying, Chi Shi Qin of KPMG Taiwan and the audit report has been certificated.

The above business reports, financial statements and appropriation of earnings have been reviewed by the audit committee, and found that there is no discrepancy. The report is hereby prepared in accordance with Article 14-4 and Article 36 of Securities and Exchange Act.

To

2022 Annual Shareholders' Meeting of Yi Jinn Industrial Co., Ltd.

Yi Jinn Industrial Co., Ltd.

Convener: Lai, Sun-Quae

March 23, 2022

- 4. Financial statement for the most recent fiscal year, including an auditor's report prepared by a certified public accountant, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related footnotes or attached appendices (Please see page 116 to page 173 for details).**
- 5. A parent company only financial statement for the most recent fiscal year, certified by a CPA (Please see page 174 to page 221 for details).**
- 6. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation : None.**



## VII. Review and Analysis of the Company's Financial Position and Financial Performance, and a Listing of Risks

### 1. Financial Position :

(1) The main causes and effects of significant changes in assets, liabilities and equity in the past two years :

Unit : NT\$ thousand

Item \ Year	2021	2020	Difference	
			Amount	%
Current assets	2,858,222	2,623,803	234,419	8.93
Non-current assets	15,661,581	15,157,011	504,570	3.33
Total assets	18,519,803	17,780,814	738,989	4.16
Current liabilities	2,142,960	2,269,091	(126,131)	(5.59)
Non-current liabilities	8,482,659	7,748,525	734,134	9.47
Total liabilities	10,625,619	10,017,616	608,003	6.07
Share capital	3,016,476	3,016,476	0	0
Capital surplus	500,655	458,206	42,449	9.26
Retained earnings	1,300,929	1,401,974	(101,045)	(7.21)
Total amount of equity	7,894,184	7,763,198	130,986	1.69
Significant changes item descriptions :				
The change is not more than 20%.				

(2) Future Plans : None

### 2. Financial performance :

(1) Financial performance analysis

Item \ Year	2021	2020	Increased (Decreased) Amount	%of change
	Amount	Amount		
Operating net revenues	4,146,179	2,707,215	1,438,964	53.15
Operating cost	3,590,220	2,501,874	1,088,355	43.5
Gross profit	555,950	205,341	350,609	170.74
1.81 Operating expenses	225,923	221,908	4,015	1.81
Operating interest	330,027	905,331	(575,304)	(63.55)
Non-operating income and expenses	66,658	(95,044)	161,702	(170.13)
Income from continuing operations before tax	396,685	810,287	(413,602)	(51.04)
Income tax expense	30,553	177,966	(147,413)	82.83
Net income after tax	366,132	632,321	(266,189)	(42.10)

Loss after income tax from Discontinued Operation	0	(75,635)	75,635	(1)
Net income	366,132	556,686	(190,554)	(34.23)
Analysis of changes in increase and decrease :				
1. In 2021, the coronavirus pandemic was slowed down and the subsidiaries' revenue grew, resulting in an increase in costs and along with the turnaround of the subsidiary Hung Chou, the gross profit increased significantly.				
2. Operating Income: Mainly due to gain on disposal of real estate in 2020 and no disposal of real estate in 2021.				
3. Non-operating income and expenses: Mainly due to gain on disposal of listed stocks of NT\$160 million in 2021 in the centralized market.				
4. Income tax expense: Land value increment tax on disposal of property in 2020.				
5. Net income: Profit from textile main business increased in 2021, but no gain on disposal of real estate, resulting in a decrease in net income for the period.				

(2) A sales volume forecast and the basis therefor :

The company has obtained the management rights of Hung Chou Fiber in 2015, accelerating the vertical integration of upstream and downstream and stabilizing the supply. The expected sales volume in 2022 is about 68,540 tons of polyester yarn (including 13,300 tons for the subsidiary's own use), 18,000 tons of polyester chips and 19,080 tons of polyester textured yarn, and about 170,000 thousand meters of outsourcing industrial ribbon.

(3) The effect upon the company's financial operations as well as measures to be taken in response :

The Company will continue to pay attention to the changes in market demand, economic climate and product quotations, and grasp the pulse of the economy and market demand closely. The production business will focus on the production of textured yarn by our subsidiary, Kwang Ming Silk Mill, and the production of raw polyester yarns by our Hung Chou factory, while the parent company will focus on industrial ribbons and rental income, hoping to achieve better operating results.

### 3. Cash flow analysis

(1) Cash flow analysis for recent years

Unit : NT\$ thousand

Item	Year	2021	2020	% of change
Net cash flow from operating activities		788,619	(324,460)	1,113,079
Cash provided by (used in) investing activities		(916,838)	1,109,493	(2,026,331)
Cash provided by (used in) fundraising activities		147,656	(819,057)	966,713

1. Net cash inflow from operating activities : Mainly due to the significant increase in profitability of the textile main business and the decrease in accounts receivable and the decrease in acquisition of financial assets at fair value through profit or loss.

2. Net cash outflows from investing activities : Mainly due to outflow from acquisition of investment properties in 2021.
  3. Net cash inflow from financing activities : Mainly due to acquisition of investment properties resulting in an increase in bank borrowings.
- (2) Improvement plan for cash flow shortage : The company has sufficient funds and good loan relationship with the bank, and has sufficient lines of credit to meet the funds needed.
- (3) Analysis of cash flow in the coming year

Unit: NT\$ thousand

Beginning cash balance	Net cash flow from operating activities throughout the year	Net cash outflow from operating activities throughout the year	Net cash flow balance	Cash shortage contingency plan	
				Investment plan	Financing Plan
130,547	241,469	(256,067)	115,949	-	-
Analysis of cash flow changes in 2020 : <ol style="list-style-type: none"> <li>1. Operating activities : Mainly due to the estimates of cash inflow from operating activities and rental income.</li> <li>2. Non-operating activities : Mainly distribution of cash dividends and purchase of property.</li> <li>3. Cash flow balance : Enriching working capital.</li> </ol>					

**4. The effect upon financial operations of any major capital expenditures during the most recent fiscal year. : None**

**5. The company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year.**

- (1) The Company's reinvestment is based on a long-term strategy. In 2021, the company recognized its share of earnings of subsidiaries, affiliates and joint ventures under the equity method amounting to NT\$104.
- (2) Improvement plan : Not applicable
- (3) Investment plans for the coming year : None

**6. The section on risks shall analyze and assess the following matters during the most recent fiscal year and as they stood on the date of publication of the annual report :**

(1) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future. :

1 · Interest rate : The Company maintains good credit relationships with various banks and the interest rates on loans have been reduced from 5.25%~7% in early 2002 to 0.58%~1.78%, resulting in a significant reduction in interest expense and making the Company more competitive in its operations.

2 · Exchange rate : The Company's imports are all from the major domestic manufacturers of raw materials, and the ratio of export sales was around 27.19% in 2021, so the change in exchange rate has no significant impact on the Company.

3 · Inflation : The Company's quotations to customers are appropriately adjusted according to the market conditions, and therefore the fluctuation of prices can be controlled with certainty, and therefore inflation has no significant impact on the Company.

(2) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future. :

1 · The Company does not engage in high-risk, highly leveraged investments.

2 · The Company's loan to other parties and endorsement and guarantee, please refer to the information on significant transactions disclosed in the accompanying notes. The Company has established "Operational Procedures for Lending Funds to Others" and "Endorsement and Guarantee Regulations" and all operations are carried out in accordance with these regulations. As of the end of 2021, the Company had no external endorsement guarantee or fund loan.

3 · Policy on derivative transactions, the main reasons for the profits/losses generated thereby; and response measures to be taken in the future. :

The Company engages in derivative contracts for hedging purposes, and the counter-parties of the Company are all banks with good credit standing, so the possibility of credit risk, market price risk, liquidity risk and cash flow risk is minimal. In addition, the Company has established "Procedures for engaging in derivatives trading" and all operations are conducted in accordance with these procedures. As of December 31, 2021, the Company had no unexpired forward exchange agreement.

(3) Research and development work to be carried out in the future, and further expenditures expected for research and development work. : None.

(4) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response. : None

(5) Effect on the Company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response. : None

- ( 6 ) Effect on the Company's crisis management of changes in the company's corporate image, and measures to be taken in response. : The Company markets itself under the Sea Gull brand and has a good corporate image without any bad image reports.
- ( 7 ) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken. : None
- ( 8 ) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken. : None
- ( 9 ) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken. : Due to the specific industry of the Company, our main suppliers are all major raw yarn manufacturers, and most of them are listed and over-the-counter companies. The Company has maintained good relationships with its suppliers for a long time, therefore, there is no risk of consolidation of purchasing, and there is no risk of consolidation of sales in terms of sales because customers are dispersed.
- ( 10 ) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken. : None
- ( 11 ) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken. : None
- ( 12 ) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that : (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report. : None
- (13) Impact of Cyber Security Risks on the Company's Financial Operations and Measures to be taken

The Company's sales products are mainly manufactured on an outsourced basis, and the focus of information operations is entirely on the administrative units. The overall network environment is pure, and information operations have been properly controlled or protected to reduce risks. The Company has been taking active measures to prevent the epidemic, in addition to cooperating with the government's promotional measures, such as wearing masks, taking body temperature, and disinfecting at the entrance of the office, continuously, so the information operation has not been affected by the epidemic.

Since the Company's cyber management system is self-developed, it is implemented only in the Company's local network, and is not open for

connection via the internet. This year, we have replaced the anti-virus and anti-hacking software on the endpoints, and added the host vulnerability detection and protection software and hardware for the cloud and gateway, combined with the original network management equipment to strengthen the control of risk. The risk of self-evaluation is more focused on the restriction of external access rights in cyber contracts and the delineation of authority and duties for various information matters due to limited cyber manpower. Through the statistical reports or log analysis of various cyber security measures, we know that the attack methods and frequency of external attacks on the company's mail hosts and endpoint computers are increasing, but all protection mechanisms can effectively perform their defensive functions, blocking more threat levels of medium and high level, which makes the risk of cyber operation greatly reduced. Advanced solutions for cyber security (e.g. SOC, SOAR) will be evaluated to help track the trajectory of external intrusions and provide early warnings to assist in determining, processing and retaining evidence to continuously improve the vulnerability of the cyber environment and increase the accuracy of risk evaluation.

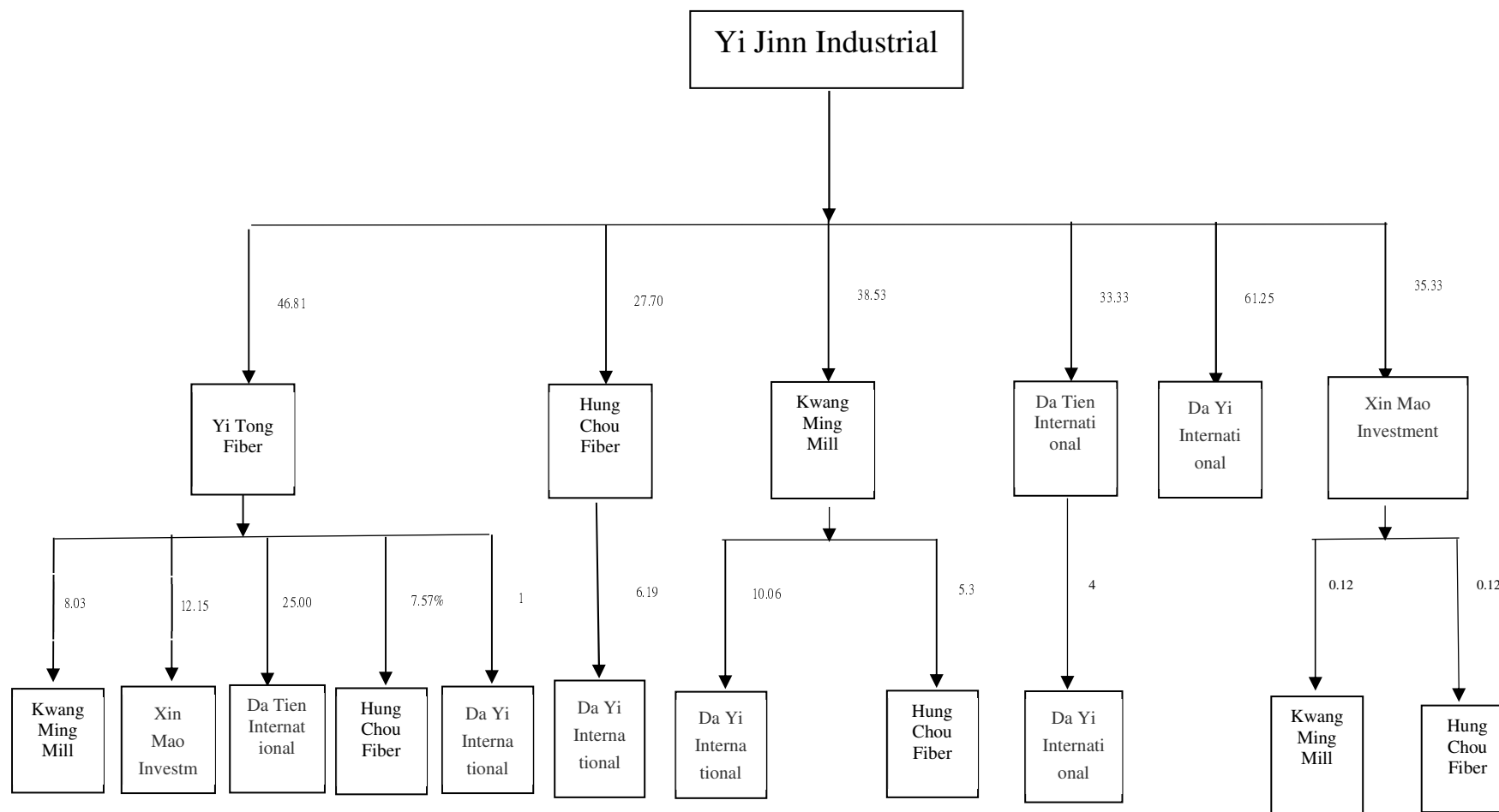
Based on the results of the Company's security audit of the cyber operating environment in fiscal 2021, evaluation of the Company's cyber security control measures has effectively reduced the occurrence of cyber threats and the degree of damage to achieve the purpose of risk control, and concluded that the overall cyber security risk level is between "low and medium", the impact on financial and business aspects is low, and there is no significant risk to operations.

## **7. Other important matters : None**

## VIII. Special items to be included

### 1. Information related to the company's affiliates :

(1) . Consolidated Business Reports Covering Affiliated Enterprises (2021.12)



2. Basic information of each affiliates

Unit : thousand

Name	Date of establishment	Address	Paid-in capital	Main business or production items
Yi Jinn Industrial Co. Ltd.	1981.03.24	Company : 7F, No. 607, Ruiguang Road, Taipei City	3,016,476	1.C301010 Yarn Spinning Mills 2.C302010 Weaving of Textiles 3.C305010 Printing, Dyeing, and Finishing 4.C306010 Wearing Apparel 5.C801120 Manufacture of Man-made Fibers 6.C801990 Other Chemical Materials Manufacturing 7.C399990 Other Textile and Products Manufacturing 8.H701010 Housing and Building Development and Rental 9.H701020 Industrial Factory Development and Rental 10.H701040 Specific Area Development 11.H701050 Investment, Development and Construction in Public Construction 12.H701060 New Towns, New Community. Development 13.H703090 Real Estate Commerce 14.H703100 Real Estate Rental and Leasing 15.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval
Kwang Ming Silk Mill Co. Ltd.	1966.06.22	Company : 7F, No. 607, Ruiguang Road, Taipei City Factory : No.29, Hongzhou Street, Guishan District, Taoyuan City	404,550	Cotton silk, man-made fibers and other materials are used to weave various kinds of cotton, tetoron, nylon, silk, and nylon fabric silk, etc. Dyeing and weaving of the above fabrics and the purchase and sale of related raw materials, materials and finished products.
Hung Chou Fiber Co. Ltd.	1968.07.30	Company : 7F, No. 607, Ruiguang Road, Taipei City Factory : No.29, Hongzhou Street, Guishan District, Taoyuan City	1,321,125	Manufacture, processing and trading of synthetic chemical fibers Manufacture, processing and trading of plastic drawing products
Yi Tong Fiber Co. Ltd.	1992.07.21	Company : 7F, No. 607, Ruiguang Road, Taipei City	885,298	Real Estate Commerce Real Estate Rental and Leasing All business items that are not prohibited or restricted by law, except those that are subject to special approval
Xin Mao investment Co., Ltd.	1996.11.09	7F, No. 607, Ruiguang Road, Taipei City	168,681	Investment
Da Tien International Development Co., Ltd.	2017.09.26	7F, No. 607, Ruiguang Road, Taipei City	300,000	Real Estate Commerce Real Estate Rental and Leasing



				All business items that are not prohibited or restricted by law, except those that are subject to special approval
Da Yi International Development Co., Ltd.	2018.02.13	7F, No. 607, Ruiguang Road, Taipei City	1,000,000	Real Estate Commerce Real Estate Rental and Leasing All business items that are not prohibited or restricted by law, except those that are subject to special approval

3. Where the shareholders in common are natural persons, the reason that affiliation is presumed : For more details, please refer to the basic information of each affiliates.
4. The industries covered by the business operated by the affiliates overall : The main business and production items as listed in the basic information.
5. Where connections exist among the businesses operated by individual affiliates, a description of the mutual dealings and division of work among such affiliates : None.
6. The names of the directors, supervisors, and general manager of each affiliate

Unit : NT\$ thousand, Shares, %

Name	Title	Name or representative	Shares held	
			Shares	%
Yi Jinn Industrial Co., Ltd.	Chairman	Chan, Cheng-Tien	24,010,494	7.96%
	Director	Chan, Yi-Chin	2,916,961	0.97%
	Director	Chen, Meng-Wu	0	0.00%
	Director	Cheng, Yu-Jing	2,053,074	0.68%
	Director	Weng, Mao-Cheng	480,343	0.16%
	Director	Lai, Yu-Min	492,916	0.16%
	Independent Director	Lai, Sun-Quae	0	0.00%
	Independent Director	Huang, Tien-Chang	0	0.00%
	Independent Director	Chen, Shiou-Chung	0	0.00%
	General Manager	Weng, Mao-Cheng	492,916	0.16%
Kwang Ming Silk Mill Co., Ltd.	Chairman	Yi Jinn Industrial (Legal representative : Chan, Cheng-Tien)	15,586,193	38.53%
	Director	Yi Jinn Industrial (Legal representative : Cheng, Yu-Jing)	15,586,193	38.53%
	Director	Lee, Ye-Zhen	946,000	2.34%
	Independent Director	Yang, Xiao-Qin	0	0.00%

	Independent Director	Shu, Chao-Cai	0	0.00%
	Supervisor	Fang Zhou Asset Management (Legal representative : Jing, Jian-Zhang)	700,165	1.73%
	Supervisor	Chan, Yi-Chin	0	0.00%
	Supervisor	Huang, Li-Xuan	0	0.00%
	General Manager	Lee, Ye-Zhen	946,000	2.34%
Hung Chou Fiber Co., Ltd.	Chairman	Chan, Cheng-Tien	5,532,037	4.19%
	Director	Yi Jinn Industrial (Legal representative : Chan, Yi-Chin)	36,601,000	27.70%
	Director	Yi Jinn Industrial (Legal representative : Lin, Jing-Ling)	36,601,000	27.70%
	Director	Yi Jinn Industrial (Legal representative : Cheng, Yu-Jing)	36,601,000	27.70%
	Director	Yi Jinn Industrial (Legal representative : Chang, Heng-Chia)	36,601,000	27.70%
	Director	Yi Jinn Industrial (Legal representative : Lin, Ze-Hua)	36,601,000	27.70%
	Director	Chen, De-Feng	2,071,383	1.57%
	Independent Director	Zhao, Shou-Bo	0	0.00%
	Independent Director	Huang, Wei-Ji	0	0.00%
	Supervisor	Oulan International (Legal representative : Chen, Guan-Ru)	1,171,000	0.89%
	Supervisor	Chen, Lin-De	857,516	0.65%
	General Manager	Lin, Jing-Ling	449,000	0.34%
Yi Tong Fiber Co., Ltd.	Chairman	Chan, Cheng-Tien	7,358,004	8.31%
	Director	Yi Jinn Industrial (Legal representative : Chang, Heng-Chia)	41,442,559	46.81%
	Director	Cheng, Yu-Jing	23,947	0.03%
	Supervisor	Wu, Gao-Shan	0	0.00%
Xin Mao investment Co., Ltd.	Chairman	Chan, Cheng-Tien	2,580,000	15.30%
	Director	Yi Jinn Industrial (Legal representative : Weng, Mao-Cheng)	5,959,886	35.33%
	Director	Yi Jinn Industrial (Legal representative : Lai, Yu-Min)	5,959,866	35.33%
	Supervisor	Cheng, Yu-Jing	0	0.00%
Da Tien International Development Co., Ltd.	Chairman	Yi Jinn Industrial (Legal representative : Chan, Cheng-Tien)	10,000,000	33.33%
	Director	Yi Jinn Industrial (Legal representative : Lai, Yu-Min)	10,000,000	33.33%
	Director	Nice Plaza (Legal representative : Chen, Guan-Zhou)	12,500,000	41.67%
	Supervisor	Cheng, Yu-Jing	0	0.00%
Da Yi International Development Co., Ltd.	Chairman	Yi Jinn Industrial (Legal representative : Chan, Cheng-Tien)	61,250,000	61.25%
	Director	Yi Jinn Industrial (Legal representative : Lai, Yu-Min)	61,250,000	61.25%
	Director	Yi Jinn Industrial (Legal representative : Chang, Heng-Chia)	61,250,000	61.25%
	Supervisor	Da Tien International (Legal representative : Cheng, Yu-Jing)	4,000,000	3.64%

7. Overview of the operations of each affiliate :

Unit : NT\$ thousand

Name	Capital	Total Assets	Total liabilities	Net worth	Operating revenue	Operating (Loss) income	(Loss) income for the period (After tax)	Earnings per share (NT\$) (After tax)
Yi Jinn Industrial Co. Ltd.	3,016,476	8,649,628	4,064,818	4,584,810	763,924	87,210	200,603	0.90
Kwang Ming Silk Mill Co. Ltd.	404,550	2,712,514	1,465,436	1,247,078	916,838	75,955	82,605	2.04
Hung Chou Fiber Co. Ltd.	1,321,124	2,833,785	1,686,988	1,146,797	2,965,326	99,388	106,311	0.80
Yi Tong Fiber Co. Ltd.	885,298	3,947,854	1,864,392	2,083,462	98,544	45,798	118,521	1.34
Xin Mao investment Co., Ltd.	168,681	502,254	83,559	418,695	122,906	122,405	120,660	7.15
Da Tien International Development Co.,	300,000	942,411	596,217	346,194	10,142	4,473	40,462	1.35
Da Yi International Development Co., Ltd.	1,000,000	1,890,849	1,066,646	824,203	4,884	(2,230)	(19,240)	(0.17)

8. Reports on Affiliations : None

**2. Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report : None**

**3. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report :**

As of March 31, 2022 Unit : NT\$ thousand

Name of subsidiary (Note 1)	Paid-in capital	Capital source	The company's Shareholding ratio	Date of acquisition or disposal	No. of shares and amount acquired (Note 2)	No. of shares and amount disposed (Note 2)	Investment Profit or loss	Number and amount of shares held up to the date of publication of the annual report (Note 3)	Pledge (Note 4)	Amount endorsed by the Company for its subsidiaries	Amount loaned by the Company to subsidiaries
Xin Mao investment Co., Ltd.	168,681	Own capital	35.33%	2021.01.01 to 2022.03.31	100,000	0	0	20,610 thousand shares 259,644 thousand dollars	13,500 thousand shares	0	0
Yi Tong Fiber Co. Ltd.	885,298	—	46.05%	2021.01.01 to 2022.03.31	0	0	0	57,954 thousand shares 471,957 thousand dollars	0	0	0

Note 1 : Please disclose for various subsidiaries.

Note 2 : The term “amount” as set forth herein denotes the amount actually acquired or disposed.

Note 3 : The acquisition and disposal shall be disclosed respectively.

Note 4 : Please indicate the impact upon the results of the subsidiary's business performance and financial standing.

#### 4. Other matters that require additional description :

- (1) Information on CPA professional fees : When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm : None.
- (2) Directors for Implementation of Continuing Education for Directors and supervisors : pursuant to the advice of ‘Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies’ to complete the Continuing Professional Education (CPE) hours.

Title	Name	Date	Organizer	Course	Hours
Chairman	Chan, Cheng-Tien	2021.09.10	Securities and Futures Institute	The value of information security in the post-epidemic era and the Sino-US trade war	3
	Chan, Cheng-Tien	2021.10.01	Securities and Futures Institute	Global Risk Awareness-Opportunities and Challenges in the Next Decade	3
Director	Chan, Yi-Chin	2021.10.01	Securities and Futures Institute	Global Risk Awareness-Opportunities and Challenges in the Next Decade	3
	Chan, Yi-Chin	2021.10.15	Securities and Futures Institute	Early Warning and Type Analysis of Enterprise Financial Crisis	3
Director	Lai, Yu-Min	2021.09.30	Securities and Futures Institute	The impact and response of the latest tax law reforms on business operations	3
	Lai, Yu-Min	2021.10.12	Securities and Futures Institute	The risks and opportunities of climate change and energy policy trends for business operations	3
Director	Weng, Mao-Cheng	2021.08.27	Securities and Futures Institute	Early Warning and Type Analysis of Enterprise Financial Crisis	3
	Weng, Mao-Cheng	2021.09.23	Securities and Futures Institute	Talking about the functions of the board of directors from the prevention of corporate fraud	3
Director	Chen, Meng-Wu	2021.09.16	Securities and Futures Institute	On the Management of Intellectual Property from the Perspective of the board of directors	3
	Chen, Meng-Wu	2021.09.17	Securities and Futures Institute	Discussion on the Prevention and Control of Money Laundering and the Fight against Terrorism of Capital	3
Director	Cheng, Yu-Jing	2021.09.14	Securities and Futures Institute	Analysis of model practice of corporate social responsibility (CSR, ESG) in corporate governance evaluation	3
	Cheng, Yu-Jing	2021.10.21	Securities and Futures Institute	Digital transformation of traditional industries	3
Independent Director	Chen, Shiou- Chung	2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3
	Chen, Shiou- Chung	2021.09.08	Taiwan Academy of Banking and Finance	Corporate Jurisprudence Lecture-Enterprise Digital Transformation	3
Independent Director	Lai, Sun-Quae	2021.08.19	Securities and Futures Institute	Discussion on employee reward strategy and tool application	3

	Lai, Sun-Quae	2021.10.15	Securities and Futures Institute	2021 insider equity transaction legal compliance promotion briefing meeting	3
Independent Director	Huang, Tien- Chang	2021.09.14	Securities and Futures Institute	Analysis of model practice of corporate social responsibility (CSR, ESG) in corporate governance evaluation	3
	Huang, Tien- Chang	2021.09.15	Securities and Futures Institute	Discussion on the remuneration issues of employees and directors-from the amendment to Article 14 of the Securities and Exchange Act	3

(3) Yi Jinn Employees' code of conduct and ethics

Since its establishment, the company has always taken "Innovation, Integrity, Growth and Collaboration" as its business philosophy, and encourage its employees to have a "sincerity and pragmatism" work attitudes. In order to implement Yi Jinn's business philosophy and work attitudes to every employee of the Company, the Company's internal control system has established "performance appraisal" and clearly stipulated employees' code of conduct and ethics, and require employees to abide by it. When an employee has special merits and demerits, supervisors always report to the Company for rewards and punishments at any time. The employee performance appraisal is performed twice a year, it is a practical method for requiring employee's code of conduct and ethics.

(4) The state of the company's performance of social responsibilities:

The Company has established 'Jinn Sian Social Welfare Foundation' in 1998, to help those with low income and disabilities families, and continue to expand the amounts and variety of types of donations. In recent years, with the concept of prevention drugs combined with environmental protection, social welfare activities have been vigorously promoted such as "Resist the temptation of drugs, and family harmony and happiness".

(5) The shareholder services agent:

The professional shareholder services agent designated by the Company: Grand fortune Securities stock affairs department to conven shareholders meetings.

(6) The Company's board of directors shall evaluate the independence and suitability of the CPA engaged by the Company regularly:

- (1) The assessment project was passed by the company's board of director on March 25, 2021. The Company refer to The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10'Integrity, Objectivity and Independence' to establish assessment project to review the CPA appointed by the company.
- (2) None of the Company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm.

**5. Matters in the Past Year and as of the Date of Publication of the Annual Report Which have a Substantial Impact on Owner's Equity or Share Price as Stipulated in Item 2, Paragraph 2 of Article 36 of the Securities Exchange Act: None**

## **Representation letter**

The entities that are required to be included in the consolidated financial statements of Yi Jinn Industrial Corporation Limited as of and for the year ended December 31, 2021, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Yi Jinn Industrial Corporation Limited and Subsidiaries do not prepare a separate set of combined financial statements.

Sincerely yours,

Yi Jinn Industrial Corporation Limited

Chan, Zheng-Tian

March 23, 2022

## **Independent auditor’s report**

To the board of directors  
Yi Jinn Industrial Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Yi Jinn Industrial Co., Ltd. and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ends December 31, 2022 and 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### **Basis for opinion**

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

### **Key Audit Matters**

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

#### **1. Revenue recognition**

Please refer to Note 4 (15) “revenue recognition” and for more details please refer to Note 6 (18) “revenue from contracts with customers” of the consolidated financial statement.



Description of the key audit matters:

The revenue from polyester yarn, polyester processing silk, Teton and plain weave fabric products is the main source of operating revenue of Yi Jinn Industrial Co., Ltd., and the risk is in the authenticity of revenue recognition. Because the operating revenue is highly affected by the economic fluctuations, the test of revenue recognition is determined as one of the key audit items for the accountant to audit the financial reports of Yi Jinn Industrial Co., Ltd.

How the matter was addressed in our audit:

Our audit procedures for the above critical review items included understanding the controls over the sales and receipts cycle and reconciling the sales system information with the general ledger; we tested the sales transactions for the period before and after the end of the year, reviewed the evidence of transfer of control of the goods to the buyer, and verified the correctness of the revenue recognition period in order to assess whether the revenue recognition policy of Yi Jinn Industrial Co., Ltd., was in accordance with the relevant standards.

## 2. Inventory valuation

For accounting policies related to inventory evaluation, please refer to Note 4 (8) Inventory Recognition in the consolidated financial report; For the uncertainty of accounting estimates and assumptions in inventory evaluation, please refer to Note 5 (2) of the consolidated financial report for details; For the description of inventory evaluation, please refer to Note 6 (5) inventory of consolidated financial report.

Description to the key audit matters:

Due to the fluctuation of international raw material prices and market supply and demand, the Group's inventory price and sales volume may fluctuate sharply, resulting in the risk that the inventory cost may exceed its net realizable value. Therefore, we determined that the assessment of inventory valuation is a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included: understand the management's inventory management and evaluation policies and whether such policies were performed in actual inventory management and evaluation; carry out the audit procedure to compare the net realizable value adopted by the management with the latest inventory sales price, and evaluate the rationality of the net realizable value of inventory; implement sampling procedure to check the correctness of stock age statement and evaluate the adequacy of inventory allowance of the Group on the financial reporting date.

## **Other Matter**

We have also audited the parent company only financial statements of Yi Jinn Industrial Corp., Limited as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

## **Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statement in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable

the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (the Audit Committee) are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material disclosure in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of

the entities for business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit, and form 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 affect our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 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 reasonable be expected to outweigh the public interest benefits of such communication.

KPMG  
Auditors: CHANG, SHU-YING  
                  CHIH, SHIH-CHIN  
The reference : No. Taiwan-Financial-  
number of the Securities-VI-0940100754  
FSC approval No. Financial-Supervisory-  
Letter: Securities-auditing-  
                  1020000737

March 23, 2022

**Yi Jinn Industrial Co., Ltd. and Subsidiaries**

**Consolidated Balance Sheets**

**December 31, 2021 and 2020**

**In Thousands of New Taiwan Dollars**

<b>Assets</b>		<u>December 31, 2021</u>		<u>December 31, 2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Current Assets:</b>					
1100	Cash and cash equivalent (Note 6(1))	\$ 499,153	3	479,716	3
1110	Financial assets at fair value through profit or loss –current (Note 6 (2))	677,531	4	594,350	1
1120	Financial asset at fair value through other comprehensive income – current (Note 6 (3))	3	-	3	-
1150	Notes receivable, net (Note 6 (4) (18))	71,015	-	74,855	-
1170	Account receivable, net (Note 6 (4) (18))	306,653	2	416,911	3
1220	Current tax assets	-	-	5,703	-
1310	Inventories – manufacturing (Note 6 (5))	786,110	4	671,658	4
1410	Prepayments (Note 9)	28,602	-	77,652	-
1461	Non-current assets held for sale (Note 6 (6), 8 and 9)	430,613	3	-	-
1476	Other financial assets – current (Note 6 (3) and 7)	15,550	-	268,773	2
1479	Other current assets – other (Note 6 (14))	42,992	-	34,182	-
	<b>Total current assets</b>	<u>2,858,222</u>	<u>16</u>	<u>2,623,803</u>	<u>15</u>
<b>Non-current assets</b>					
1510	Non-current financial assets at fair value through profit or loss (Note 6 (2))	-	-	88,867	1
1517	Non-current financial assets at fair value through other comprehensive income (Note 6 (3))	574,694	3	504,094	3
1550	Investments accounted for using equity method	26,595	-	26,491	-
1600	Property, plant and equipment (Note 6 (9), 8 and 9)	3,379,493	18	3,436,768	19
1760	Investment property, net (Note 6(6), (10) and 8)	11,415,485	62	10,703,563	60
1840	Deferred tax assets (Note 6 (15))	70,790	-	70,234	-
1980	Other non-current financial assets – non-current (Note 8)	11,550	-	10,988	-
1990	Other non-current assets – other (Note 6 (6),(11) (14) and 9)	182,974	1	316,006	2
	<b>Total non-current assets</b>	<u>15,661,581</u>	<u>84</u>	<u>15,157,011</u>	<u>85</u>
	<b>Total</b>	<u><b>\$ 18,519,803</b></u>	<u><b>100</b></u>	<u><b>17,780,814</b></u>	<u><b>100</b></u>

**Yi Jinn Industrial Co., Ltd. and Subsidiaries**

**Consolidated Balance Sheets**

**December 31, 2021 and 2020**

**In Thousands of New Taiwan Dollars**

		<u>December 31, 2021</u>		<u>December 31, 2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Liabilities and equity</u></b>					
<b>Current liabilities :</b>					
2100	Short-term loans (Note6 (12))	\$ 1,206,005	7	1,353,920	8
2130	Contract liability – current (Note 6 (18))	399,975	-	38,456	-
2150	Notes Payable	91,329	-	52,441	-
2171	Accounts payable	285,409	2	217,907	1
2200	Other payable (Note 6 (10) (19))	114,555	1	143,041	1
2230	Tax liability of the period	31,069	-	15,899	-
2320	Long-term liabilities – current portion (Note 6 (13))	307,079	2	439,932	2
2399	Other current liabilities – other	7,539	-	7,495	-
	<b>Total current liabilities</b>	<u>2,142,960</u>	<u>12</u>	<u>2,269,091</u>	<u>12</u>
<b>Non-current liabilities:</b>					
2540	Long-term loans (Note 6 (13))	8,149,874	44	7,387,362	42
2570	Deferred income tax liabilities (Note 6 (15))	227,078	1	227,114	1
2645	Guarantee deposits (Note 9)	105,707	-	134,049	1
	<b>Total non-current liabilities</b>	<u>8,482,659</u>	<u>45</u>	<u>7,748,525</u>	<u>44</u>
	<b>Total liabilities</b>	<u>10,625,619</u>	<u>57</u>	<u>10,017,616</u>	<u>56</u>
<b>Equity attributable to shareholders of the parent (Note 6 (3) and (16))</b>					
3110	Common stock	3,016,476	16	3,016,476	17
3200	Capital surplus	500,655	3	458,206	3
3300	Retained earnings	1,300,929	7	1,401,974	8
3400	Other equity	11,0953	1	65,111	-
3500	Treasury Stock	(344,203)	(2)	(325,463)	(2)
		<u>4,584,810</u>	<u>25</u>	<u>4,616,304</u>	<u>26</u>
36XX	Non-controlling interests (Note 6 (8),(16)and 7)	3,309,374	18	3,146,894	18
	<b>Total equity</b>	<u>7,894,184</u>	<u>43</u>	<u>7,763,198</u>	<u>44</u>
	<b>Total liabilities and equity</b>	<u><b>\$ 18,519,803</b></u>	<u><b>100</b></u>	<u><b>17,780,814</b></u>	<u><b>100</b></u>

**Yi Jinn Industrial Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2021 and 2020**

**In Thousands of New Taiwan Dollars**

	Year 2021		Year 2020	
	Amount	%	Amount	%
4110 <b>Operating revenue (Note 6 (14) (18) and 7)</b>	\$ 4,175,379	100	2,731,362	101
4170 Less: sales returns	11,550	-	13,659	1
4190 Sales allowance	17,650	-	10,488	-
	<u>4,146,179</u>	<u>100</u>	<u>2,707,215</u>	<u>100</u>
5110 <b>Cost of goods sold (Note 6 (5))</b>	3,590,229	87	2,501,874	92
	<u>555,950</u>	<u>13</u>	<u>205,341</u>	<u>8</u>
	<b>Net operating revenue</b>			
	4,146,179	100	2,707,215	100
	<u>3,590,229</u>	<u>87</u>	<u>2,501,874</u>	<u>92</u>
	<b>Gross Profit</b>			
	555,950	13	205,341	8
	<b>Operating expenses (Note 6 (5) (19) and 7)</b>			
6100 Selling expenses	129,539	3	112,196	4
6200 Administrative expenses	96,384	2	109,712	4
	<u>225,923</u>	<u>5</u>	<u>221,908</u>	<u>8</u>
	<b>Net operating expenses</b>			
	225,923	5	221,908	8
	<b>Other income and expenses (Note 6 (6) (10) and 20)</b>			
6511 Loss of disposal investment property	-	-	(48,642)	(2)
6514 Disposal of non-current assets held for sale	-	-	970,540	36
	<u>330,027</u>	<u>8</u>	<u>905,331</u>	<u>34</u>
	<b>Net operating profit</b>			
	330,027	8	905,331	34
	<b>Non-operating income and expenses (Note 6 (5) (10) and (21)):</b>			
	452	-	1,375	-
7100 Interest income	452	-	1,375	-
7100 Other income	41,158	1	68,798	3
7010 Other gains and losses	150,168	4	(35,130)	(1)
7020 Financial costs	(125,224)	(3)	(128,753)	(5)
7050 Impairment loss	-	-	-	-
7055 Share of profit or loss of associates and joint ventures accounted for using equity method	104	-	(1,334)	-
	<u>66,658</u>	<u>2</u>	<u>(95,044)</u>	<u>(3)</u>
7060 <b>Total non-operating revenue and expenses</b>	66,658	2	(95,044)	(3)
	<u>396,685</u>	<u>10</u>	<u>810,287</u>	<u>31</u>
	<b>Profit before tax from continuing operations</b>			
	396,685	10	810,287	31
	<b>Less income tax expense (Note 6 (15))</b>			
	30,553	1	177,966	7
7950 <b>Net income from continuing operation</b>	366,132	9	632,321	24
8000 <b>Loss from discontinued operation (Note 6 (4) (6)):</b>	-	-	(75,635)	(3)
	<u>-</u>	<u>-</u>	<u>(75,635)</u>	<u>(3)</u>
8100 <b>Net income</b>	366,132	9	556,686	21
	<b>Other comprehensive income</b>			
	<b>Components of other comprehensive income that will not be reclassified to profit or loss (Note 6 (16))</b>			
8310 Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income	70,600	2	114,054	4
8316 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	<u>70,600</u>	<u>2</u>	<u>114,054</u>	<u>4</u>
8349 <b>Other comprehensive income, net</b>	70,600	2	114,054	4
8300 <b>Total comprehensive income</b>	<u>\$ 436,732</u>	<u>11</u>	<u>670,740</u>	<u>25</u>
	<b>Profit, attributable to:</b>			
	\$ 200,603	5	644,257	24
	Profit (loss), attributable to owners of parent			
	165,529	4	(87,571)	(3)
	Profit(loss), attributable to non-controlling interests			
8620 <b>Comprehensive income attributable to:</b>	<u>\$ 556,686</u>	<u>21</u>	<u>556,686</u>	<u>21</u>
	Comprehensive income, attributable to owners of parent			
	\$ 246,445	6	7460,33	28
	Comprehensive income, attributable to non-controlling interests			
	190,287	5	(75,293)	(3)
	<u>\$ 436,732</u>	<u>11</u>	<u>670,740</u>	<u>25</u>
	<b>Earnings(loss) per share (Note 6 (6) (17))</b>			
	<b>Basic earnings per share</b>			
	\$	0.90	3.23	3.23
	From continuing operations			
	-	-	(0.34)	(0.34)
	From discontinuing operations			
	<u>\$ 0.90</u>	<u>0.90</u>	<u>2.89</u>	<u>2.89</u>
	<b>Diluted earnings per share</b>			
	\$	0.90	3.22	3.22
	From continuing operations			
	-	-	(0.34)	(0.34)
	From discontinuing operations			
	<u>\$ 0.90</u>	<u>0.90</u>	<u>2.88</u>	<u>2.88</u>

**Yi Jinn Industrial Co., Ltd. and Subsidiaries**  
**Consolidated Statement of Change in Equity**  
**For the years ended December 31, 2021 and 2020**

In Thousands of New Taiwan Dollars

Equity attributable to shareholders of the Parent

	Share capital		Retained earnings				Other equity items		Total equity attributable to owners of parent	Non-controlling interests	total equity
	Common stock	capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	total	Unrealized gain				
							Or losses on FVTOCI	Treasury stock			
						Financial assets					
Balance at January 1, 2020	3,016,476	419,079	189,279	-	854,360	1,043,639	(20,939)	(324,680)	4,133,575	3,275,847	7,409,422
Net income of the year	-	-	-	-	644,257	644,257	-	-	644,257	(87,571)	556,686
Other comprehensive income	-	-	-	-	-	-	101,776	-	101,776	12,278	114,054
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>644,257</b>	<b>644,257</b>	<b>101,776</b>	<b>-</b>	<b>746,033</b>	<b>(75,293)</b>	<b>670,740</b>
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	23,030	-	(23,030)	-	-	-	-	-	-
Special reserve	-	-	-	20,939	(20,939)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(301,648)	(301,648)	-	-	(301,648)	-	(301,648)
Subsidiary purchase parent's shares as treasury stock	-	-	-	-	-	-	-	(783)	(783)	(864)	(1,647)
Dividends to subsidiary in adjusting capital surplus	-	37,779	-	-	-	-	-	-	37,779	-	37,779
Cash Dividends contributes by subsidiaries	-	-	-	-	-	-	-	-	-	(75,217)	(75,217)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	5,871	-	-	-	-	-	-	5,871	(5,871)	-
Changes in ownership interests in subsidiaries	-	(4,523)	-	-	-	-	-	-	(4,523)	4,523	-
Increase/ Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	23,769	23,769
Investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	15,726	15,726	(15,726)	-	-	-	-
<b>Balance at December 31, 2020</b>	<b>\$ 3,016,476</b>	<b>458,206</b>	<b>212,309</b>	<b>20,939</b>	<b>1,168,726</b>	<b>1,401,974</b>	<b>65,111</b>	<b>(325,463)</b>	<b>4,616,304</b>	<b>3,146,894</b>	<b>7,763,198</b>
Net income for the year	-	-	-	-	200,603	200,603	-	-	200,603	165,529	366,132
Other comprehensive income	-	-	-	-	-	-	45,842	-	45,842	24,758	70,600
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,603</b>	<b>200,603</b>	<b>45,842</b>	<b>-</b>	<b>246,445</b>	<b>190,287</b>	<b>436,732</b>
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	65,999	-	(65,999)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(301,648)	(301,648)	-	-	(301,648)	-	(301,648)
Special surplus reserve reversal	-	-	-	(20,939)	20,939	-	-	-	-	-	-
Dividends to subsidiary in adjusting capital surplus	-	36,426	-	-	-	-	-	-	36,426	42,039	78,465
Subsidiary purchase parent's shares as treasury stock	-	-	-	-	-	-	-	(850)	(850)	(940)	(1,790)
Cash Dividends contributes by subsidiaries	-	-	-	-	-	-	-	-	-	(106,622)	(106,622)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	5,368	-	-	-	-	-	7,079	12,447	(12,447)	-
Changes in ownership interests in subsidiaries	-	655	-	-	-	-	-	(24,969)	(24,314)	24,314	-
<b>Balance at December 31, 2021</b>	<b>\$ 3,016,476</b>	<b>500,655</b>	<b>278,308</b>	<b>-</b>	<b>1,022,621</b>	<b>1,300,929</b>	<b>110,953</b>	<b>(344,203)</b>	<b>4,584,810</b>	<b>3,309,374</b>	<b>7,894,184</b>

**Yi Jinn Industrial Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2021 and 2020**

**In Thousands of New Taiwan Dollars**

	<b>Year 2021</b>	<b>Year 2020</b>
<b>Cash flow from operating activities:</b>		
Income from continuing operation before income tax	\$ 396,685	810,287
Loss from discontinued operation	-	(75,635)
<b>Net income before income tax</b>	<b>396,685</b>	<b>734,652</b>
<b>Adjustment for :</b>		
<b>Income and expense</b>		
Depreciation expense	170,644	142,898
Amortization expense	4,110	1,514
Expected credit losses recognized on investments in debt instruments	-	(378)
Interest expense	125,224	128,753
Interest income	(452)	(1,375)
Dividend income	(27,581)	(56,963)
Share of profit(loss) of associates and joint ventures accounted for using equity	(104)	1,334
Loss on disposal of property, plant and equipment	(3,566)	5,406
Acquisitions of investment property loss	-	48,642
Disposal of non-current assets held for sale	-	(970,540)
Impairment loss on non-financial assets	-	45,262
Valuation gain on financial assets	(162,489)	(66,740)
Loss of determination of lease	54	22
Rental income	(511)	(897)
Total income and expense	<u>105,329</u>	<u>(723,062)</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measure at fair value	180,792	(368,201)
Note receivable	3,840	57,605
Account receivable	110,258	46,308
Inventories	(114,452)	259,172
Prepayment	49,050	(42,092)
Other current assets	(8,664)	(16,159)
Other financial assets	33,777	(36,461)
Total Net changes in operating assets	<u>254,601</u>	<u>(99,828)</u>
Net changes in operating liabilities:		
Contract liabilities	61,519	31,332
Note payable	38,888	4,138
Account payable	67,502	(3,494)
Other payable	(26,044)	(27,129)
Other current liabilities	44	(3,944)
Total net changes in operating liabilities	<u>141,909</u>	<u>903</u>
Total Net changes in operating assets and liabilities	<u>396,510</u>	<u>(98,925)</u>
Total adjustment	<u>501,839</u>	<u>(821,987)</u>
Cash generated by operating activities	898,524	(87,335)
Interest received	452	1,375
Dividend received	27,581	56,963
Interest paid	(127,666)	(125,934)
Income taxes paid	(10,272)	(169,529)
<b>Net cash generated by operating activities</b>	<b>788,619</b>	<b>(324,460)</b>



**Yi Jinn Industrial Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2021 and 2020**

**In Thousands of New Taiwan Dollars**

	<u><b>Year 2021</b></u>	<u><b>Year 2020</b></u>
<b>Cash flows from investing activities:</b>		
Disposal of investments accounted for using equity method	171,202	10,451
Disposal of non-current assets held for sale	42,117	3,071,132
Acquisition of property, plant and equipment	(43,917)	(113,087)
of property, plant and equipment	3,858	12,793
Acquisition of investment property	(249,519)	(1,867,673)
Increase/Decrease in other financial assets	(251)	3,621
Increase in other noncurrent asset	(840,328)	(7,744)
<b>Net cash flows from investing activities</b>	<u>(916,838)</u>	<u>1,109,493</u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term loans	(147,915)	(807,481)
Proceeds for long-term debt	1,272,150	2,617,480
Repayments of long-term debt	(642,491)	(2,373,750)
Increase in deposits received	(28,342)	61,658
Cash dividends paid	(223,183)	(263,869)
Cash Dividends contributes by subsidiaries	(106,622)	(75,217)
Cost of treasury stock acquired	(1,790)	(1,647)
Increase in non-controlling interests	25,849	23,769
<b>Net cash flows from financing activities</b>	<u>147,656</u>	<u>(819,057)</u>
Net increase in cash and cash equivalents	19,437	(34,024)
Cash and cash equivalents at beginning of period	479,716	513,740
Cash and cash equivalents at end of period	<u><b>\$ 499,153</b></u>	<u><b>479,716</b></u>

**Yi Jinn Industrial Corp., Ltd**  
**Notes to Consolidated Company Financial Statements**  
**For the years ended December 31, 2021 and 2020**  
**(Amount in Thousands of New Taiwan Dollars, unless specified otherwise)**

**I. Company history**

Yi Jinn Industrial Corp., Ltd (The "Company") has been officially listed in the Taiwan Stock Exchange on October 20, 1994. The registered address of the consolidated company is 7<sup>th</sup> Floor, No.607, Ruiguang Rd., Neihu Dist., Taipei City. The 2022 consolidated financial statement includes the Company and its subsidiaries (hereafter as the consolidated company). The main scope of business of the consolidated company is, as follows:

1. Manufacturing, processing and trading business of all kinds of artificial and natural fibre and its false twist.
2. Manufacturing, processing and trading business of all kinds of bulk continuous filament, nylon stretch yarn, Tetoron of synthetic fibre, fabrics of male or female ready-to-wear and its dyeing and finishing.
3. Import and export trading business of raw materials, materials and final products of items mentioned in two preceding paragraphs.
4. Commissioning construction enterprises to build public housing and commercial buildings for lease and sale.
5. Commission construction enterprise to develop industrial area approved by industrial supervisory authority.
6. Real estate trading and leasing business.

Other main business scope of consolidated and parent only company, please refer to Note 4(3).

**II. Date and procedures of authorization of financial statements for issuance**

The accompanying consolidated financial statements were approved and authorized for issue by the board of directors on March 23, 2022.

**III. Newly issued or revised standards and interpretations**

1. Impact of adoption of newly issued and amended standards and interpretations endorsed by the Financial Supervisory Commission (FSC).

The Company started to adopt the following amendments to the IFRSs from January 1, 2021, which did not have a significant effect on the Company's consolidated financial reports.

- Amendments to IFRS 4, "Temporary Exemption from the Extension of IFRS 9".
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, "Changes in Interest Rate Indicators - Phase II".

The Company applies the following new amendments to IFRSs effective April 1, 2021, which have no significant impact on individual financial statements.

- Amendments to IFRS 16, "Rent Reductions Related to COVID-19 after June 30, 2021"
2. The impact of not adopting the international financial reporting standards endorsed by the FSC  
The Company evaluates that the following amendments to IFRS standards, effective from January 1, 2021, will not have a significant impact on the parent company only financial reporting..
    - Amendments to IAS 16, "Property, Plant and Equipment - Price before reaching Intended Use".
    - Amendments to IAS 37, "Loss-making Contracts - Costs of Fulfillment of Contracts"
    - Annual Improvements to IFRSs for the 2018 2020 Cycle
    - Amendments to IFRS 3, "References to Conceptual Framework".

3. Newly issued and amended standards and interpretations not yet endorsed by the FSC. The IFRSs issued and amended by IASB but not yet endorsed by the FSC, which may be related to the consolidated company, are as follows:

<u>Newly issued or Amended Standards</u>	<u>Main Amended Content</u>	<u>Effective Date Issued by IASB</u>
Amendment to IAS 1, "Classification of Liabilities as Current or Non-current"	The amendment is to improve the consistency of the standards, to assist the enterprise to determine the debts of uncertain settlement day or other liabilities of the balance sheet to fall under current (may be due within one year) or non-current. The amendment also stated that the enterprise may transfer liability to equity in classification.	January 1, 2023

The consolidated company is still evaluating the effect on the company's financial status and operating result by the abovementioned standards and interpretation, further related effects may be disclosed when the evaluation completed.

The consolidated company expects that other newly issued and amended standards not yet endorsed by the FSC did not result in significant impact on the consolidated statements.

#### **IV. Summary of significant accounting policies**

The summary of significant accounting policies is as follows. The following accounting policy is applied in this consolidated financial statement, unless otherwise stated.

##### 1. Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuer and the IFRSs endorsed by the FSC, as well as the IFRSs, IASs, interpretations and announcements of interpretation endorsed and issued into effect by the FSC (hereinafter referred to as "IFRSs endorsed by the FSC")

##### 2. Basis of preparation

###### (1) Basis of measurement

The accompanying consolidated financial statements have been prepared on the historical cost basis except for the significant items of balance sheet as below:

- i. Financial Asset measured at fair value through income and loss; and
- ii. Financial Asset measured at fair value through other comprehensive income and loss

###### (2) Functional currency and presentation currency

The functional currency is the currency for the economic environment in which the consolidated company operates. The consolidated financial statement is in our functional currency and presented in New Taiwan Dollars. All of the information provided in this financial statement is presented in Thousands of New Taiwan Dollars.

##### 3. Basis of consolidation

###### (1) Basis of preparing the consolidated financial statement

The consolidated financial statements incorporate the financial statements of the Company and the individual entities it controls (i.e. its subsidiaries). The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Transactions and balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The comprehensive income from subsidiaries is allocated to the Company and its non-controlling interest, even if the non-controlling interests have a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by the consolidated company.

Changes in the consolidated company's ownership interests in subsidiaries that do not result in the loss of control over its subsidiaries are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the Company.

(2) Subsidiaries included in the consolidated financial statement

List of the subsidiaries included in the consolidated financial statement:

Name of the investment company	Name of the subsidiaries	Scope of Business	Percentage of shareholding		Explanations
			December 31, 2021	December 31, 2020	
The company	Yi Tong Fiber Co., Ltd.	Real Estate Rental or trading	46.81%	46.05%	Note
The company	Xin Mao Investment Co., Ltd.	Investment	35.33%	35.33%	Note
The company	Kwang Ming Silk Mill Co., Ltd.	Cotton filament, artificial fibre and others manufacturing, processing and trading business	38.53%	38.53%	Note
The company	Hung Chou Fiber Industry Co., Ltd	Synthetic fibres, plastic filament manufacturing, processing and trading business	27.70%	27.70%	Note
The company	Da Tian International Co., Ltd.	Real Estate Rental or trading	33.33%	33.33%	-
The company	Da Yi International Development Co., Ltd.	Real Estate Rental or trading	61.25%	61.25%	-
Yi Tong Fiber Co., Ltd.	Kwang Ming Silk Mill Co., Ltd.	Cotton filament, artificial fibre and others manufacturing, processing and trading business	8.03%	8.03%	Note
Yi Tong Fiber Co., Ltd.	Xin Mao Investment Co., Ltd.	Investment	12.15%	12.15%	Note
Yi Tong Fiber Co., Ltd.	Hung Chou Fiber Industry Co., Ltd	Synthetic fibres, plastic filament manufacturing, processing and trading business	7.57%	7.57%	Note
Yi Tong Fiber Co., Ltd.	Da Tian International Co., Ltd.	Real Estate Rental or trading	25.00%	25.00%	-
Yi Tong Fiber Co., Ltd.	Da Yi International Development Co., Ltd.	Real Estate Rental or trading	1.00%	1.00%	-
Xin Mao Investment Co., Ltd.	Yi Tong Fiber Co., Ltd.	Real Estate Rental or trading	-	1.50%	Note
Xin Mao Investment Co., Ltd.	Hung Chou Fiber Industry Co., Ltd	Synthetic fibres, plastic filament manufacturing, processing and trading business	0.12%	0.12%	Note
Xin Mao Investment Co., Ltd.	Kwang Ming Silk Mill Co., Ltd.	Cotton filament, artificial fibre and others manufacturing, processing and trading business	0.12%	0.12%	Note
Kwang Ming Silk Mill Co., Ltd.	Hung Chou Fiber Industry Co., Ltd	Synthetic fibres, plastic filament manufacturing, processing and trading business	5.30%	5.30%	Note
Kwang Ming Silk Mill Co., Ltd.	Da Yi International Development Co., Ltd.	Real Estate Rental or trading	10.06%	10.06%	-
Kwang Ming Silk Mill Co., Ltd.	Yi Tong Fiber Co., Ltd.	Real Estate Rental or trading	-	0.76%	Note
Da Tian International Co., Ltd.	Da Yi International Development Co., Ltd.	Real Estate Rental or trading	4.00%	4.00%	-
Hung Chou Fiber Industry Co., Ltd	Da Yi International Development Co., Ltd.	Real Estate Rental or trading	6.19%	6.19%	-

Note: The consolidated company does not directly or indirectly hold over 50% of the shares, but has substantial control over the company, therefore the company is regarded as a subsidiary.

(3) Subsidiaries not included in the consolidated financial statement: N/A

4. Currency

Transactions in foreign currencies

Foreign currency transactions are translated into functional currencies at the exchange rate

on the transaction date. At the end of each reporting period (hereinafter referred to as the “reporting date), monetary items denominated in foreign currencies are retranslated into the functional currency at the rates prevailing at that date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated into the functional currency at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in foreign currencies are translated at the rates of exchange prevailing at the dates of the transactions.

Exchange differences arising, if any, are recognized in profit or loss, but are recognized as other comprehensive income in the following circumstances:

- (1) Designated as equity instrument at fair value through other comprehensive income;
- (2) Designated as net investment of the operation in overseas and effective hedging in financial liability; or
- (3) Qualified cash flow is within the effective range of hedging

#### 5. Classification of current and non-current assets and liabilities

Assets meeting one of the following criteria are classified as current assets, and all other assets not classified to the current assets are classified as non-current assets:

- (1) Assets expected to be converted to cash or intended to be sold or consumed in its normal business cycle;
- (2) Assets held for trading purpose;
- (3) Assets expected to be converted to cash within one year from the end of the reporting date; or
- (4) Assets as cash or cash relevant, but the assets with other restrictions (used for exchange or to settle liabilities at least 12 months after the reporting period) shall be excluded.

Liabilities meeting one of the following criteria as current liabilities, and all other liabilities not classified to the current liabilities are classified as non-current liabilities:

- (1) Liabilities expected to be settled with in one normal operating period;
- (2) Liabilities held for trading purposes;
- (3) Liabilities expected to be settled within one year from the end of the reporting date; or
- (4) Liabilities that have not the right to defer the due date to the 12 months after the reporting date, unconditionally. The condition of liabilities may be settled by the issuing of equity instrument at the choice of the counter party of the transaction, which will not affect the classification.

#### 6. Cash and cash equivalent

Cash includes cash in hand and cash deposit. Cash equivalent refers to short-term and highly liquid investments that are readily convertible to fixed amounts of cash and with low risk of value change. Time deposits that meet the above definition and are held for the purpose of meeting short-term cash commitments rather than investment or other purposes are recognized in cash equivalents..

#### 7. Financial instruments

Account receivable and the bond issued are recognized when it happens. All of the other financial assets are recognized when the Company becomes one of the parties to a financial instrument contract. Financial assets that are not measured at the fair value (except the account receivable as part of the significant financial composition) or original financial liabilities are measured at the fair value plus the transaction cost directly attributable to their acquisition or issuance. Account receivable not as part of the significant financial composition shall be measured by the price of transaction.

##### (1) Financial Assets

The financial assets purchased or sold in regular ways are recognized and derecognized on a trade date or settlement date basis for which financial assets were

classified in the same way, respectively.

At the original recognition, the financial assets are classified into: financial assets measured at amortised cost, investment in equity instruments measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss. The consolidated company reclassified the affected financial assets from the first day of next reporting date only when it changes its management mode of financial assets.

i. Financial assets at amortised cost

The financial assets that fall under the following criteria and not designated to be measured at fair value are measured at amortised cost:

- Financial assets are held under the management mode for the purpose of receiving cash flow from the contract.
- Cash flow on the certain date under the contract of financial assets is solely for paying the principal and the interest of principal outstanding.

These assets are subsequently measured at amortised cost calculated by the original recognized amount plus or minus the accumulated amortisation calculated by the effective interest method, and after adjusting any impairment loss. Interest income, foreign exchange gains and losses and impairment losses are recognised as profit and loss. At derecognition, the profit or loss shall be recognized in profit and loss.

ii. Financial assets measured at fair value through other comprehensive income

On initial recognition, the consolidated company may irrevocably select to recognize the subsequent changes in fair value of equity instrument investment not held for trading in other comprehensive profits and losses. The above selection is based on the item by item basis.

Investments in equity instruments are subsequently measured at fair value. Dividends income is recognized in profit or loss unless it clearly represents a recovery of part of the cost of the investment. Other net income or loss are recognized as other comprehensive income and not reclassified into profit and loss.

Dividend income of the equity investment is recognised on the date the Company has the right to obtain the dividends (usually the ex-dividend date).

iii. Financial assets at fair value through profit or loss

Financial assets that are not measured at amortised cost or at fair value through other comprehensive income are measured at fair value. At the time of original recognition, in order to eliminate or significantly reduce the accounting mismatch, the consolidated company may irrevocably designate financial assets that meet the conditions of measuring at amortised cost or at fair value through other comprehensive profit and loss as financial assets measured at fair value through profit and loss.

Such assets are subsequently measured at fair value and their net income or loss (including any dividend and interest income) is recognised as profit and loss.

iv. Impairment loss on financial assets

The consolidated company recognised the expected credit loss of the financial assets measured at amortised cost (including cash and cash equivalent, notes receivable, accounts receivable, other receivables, refundable deposit and other financial assets) as the allowance for loss.

The allowance for loss of the financial assets meeting the following circumstances are measured at the amount of the expected credit loss within 12 months and the rest are measured at expected credit loss during the lifetime:

- The credit risk of the debt securities on the reporting date is determined to be low, and
- The credit risk of other debt securities and bank deposits (that is, the risk of default during the expected life of financial instruments) has not increased significantly since

the original recognition.

The allowance for loss of accounts receivable is measured by the amount of expected credit loss during the lifetime.

When measuring if the credit risk is significantly increased after the initial recognition, the consolidated company may consider from reasonable and verifiable information (that can be acquired without excessive cost or effort), including qualitative and quantitative information, and analysis made based on the historical experience, credit evaluation and forward-looking information of the company.

If the payment of contract is due over 90 days, the expected credit loss of the company is increased significantly.

If the payment of contract is due over 180 days or the borrower is unlikely to perform its credit obligation to repay the company with full amount, the company assumed that the financial assets are in breach of contract.

Expected credit losses are the weighted estimate of the ratio of credit loss during the lifetime of the financial instrument. Credit loss is measured under the current value of the cash shortfall, which is the difference between the cash inflow according to the contract and the cash inflow expected. The expected credit loss is discounted under the effective interest rate of the financial asset.

The company estimates the credit loss of financial asset at amortised cost and debt securities at fair value through other comprehensive income on each reporting date. When one or more of the matters that may affected the expected future cash flow of the financial assets occurred, the financial asset is in credit loss. The evidence of credit loss of financial assets includes observable data on the following matters:

- The borrower or issuer is under significant financial difficulties;
- Breach of contract, like lag or due over 180 days;
- Due to economic or contractual reasons with related to the financial difficulties of the borrower, the company offers the borrower certain concession that originally will not be considered.
- The borrower will possibly file in bankruptcy or other financial reorganization; or
- The active market of the financial asset may disappear due to the financial difficulties.

The impairment loss of the financial assets at amortised cost is deducted from the book value of the assets.

When the company cannot reasonably expect to recover the whole or part of the financial assets, it will directly reduce the total amount of the financial assets. For company accounts, the company analyses the time point and amount of write-off on the basis of whether it reasonably expects to be recoverable. The expected write-off amount will not be reversed significantly. However, the financial assets already written off still can be enforced in order to fulfil the procedure of recovering overdue amount of the Company.

#### v. Derecognition of financial assets

The company will only derecognize the financial assets when the contractual rights from the cash flow of the assets are terminated, or the financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to other enterprises, or almost all the risks and rewards of the ownership have not been transferred or retained and the control of the financial assets has not been retained.

If the company enters into a transaction of transferring financial assets and retains all or almost all the risks and rewards of the ownership of the transferred assets, it will continue to be recognized in the balance sheet.

### (2) Financial Liability and equity instrument

i. Classification of debt and equity

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.

ii. Transaction of equity

Equity instruments represent the contract of residual interest after the deduction of assets from the liability. The amount of equity instrument is recognised based on the acquired amount less the direct issuing cost.

iii. Treasury Stock

When the company buys back the equity instrument recognised, the consideration it paid (including the directly attributable cost) is recognized as the reduction of the equity. Shares bought back by the company is categorised as the treasury stock. The amount collected for further sale or reissuing of treasury stock is recognized as increase in equity, and the balance or loss of the transaction is recognized as capital surplus or retained earnings (if the capital surplus is not insufficient for offset).

iv. Financial Liabilities

Financial liabilities are subsequently measured at amortised cost under effective interest. Interest expense and exchange income (loss) are recognized in profit and loss. Upon derecognition, any income or loss shall be recognized in income and loss.

v. Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expire. When the terms of financial liabilities are amended and there is a significant difference in the cash flow of the amended liabilities, the original financial liabilities are derecognized and new financial liabilities are recognized at fair value on the basis of the amended terms.

When the financial liabilities are derecognised, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognised in profit and loss.

vi. Offsetting of financial assets and liabilities

Financial assets and financial liabilities can only be offset and expressed in net amount in the balance sheet when the company has the right to offset legally and intends to deliver the assets with net amount or realize the assets and settle the liabilities simultaneously.

8. Inventories

Inventories are measured by the cost and the net realizable value, whichever is lower. The cost includes the acquisition, manufacturing or processing costs and other costs incurred in making it available for use, and is calculated by the weighted average method. The cost of finished goods and work in progress inventory includes the manufacturing cost apportioned according to the normal production capacity in an appropriate proportion.

Net realizable value refers to the balance of the estimated selling price under normal operation minus the estimated cost still to incur upon completion and the estimated cost for sale.

9. Non-current assets held for sale and discontinued operations

(1) Non-current assets held for sale

Non-current assets or disposal groups composed of assets and liabilities are classified as being held for sale when it is highly likely that their carrying amount will be recovered through sale rather than continuous use. The asset or components of the disposal group shall be re measured in accordance with the accounting policies of the company before the original classification to be sold. After classified as to be sold, it is measured on the basis of the lower of its carrying amount and fair value minus cost to sell. The impairment loss of any disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata



basis. However, the loss is not allocated to assets that are not within the scope of IAS 36: Impairment. The above items shall continue to be measured in accordance with the accounting policies of the company. The impairment loss originally classified as to be sold and the profits and losses arising from subsequent re-measurement are recognized as profits and losses, but the recovered profits shall not exceed the recognized cumulative impairment loss.

Depreciation or amortization shall not be recognized for property, plant and equipment held for sale. When an associated enterprise recognized by the equity method is classified as to be sold, the equity method shall be discontinued.

(2) Discontinued operations

The discontinued operations refer to the compositions of the Company that are disposed or held for sale and:

Operating operations are categorised discontinued operations at the earlier stage of disposal or meeting the criteria for held for sale.

10. Investing affiliated enterprise

Affiliated enterprise refers to a company that has significant influence on the financial and operating policies of the consolidated company, but is not the controller or joint controller.

The consolidated company adopts the equity method to deal with the rights and interests in the affiliated enterprises. Under the equity method, the original acquisition is recognized at cost, and the investment cost includes the transaction cost. The carrying amount of an investment in an affiliated enterprise includes the goodwill recognized at the time of the original investment, less any accumulated impairment losses.

The consolidated financial statement includes the amount of profit and loss and other comprehensive profit and loss of each investment affiliated enterprise recognized by the consolidated company according to the proportion of equity after adjustment consistent with the consolidated company's accounting policies from the date of significant influence to the date of loss of significant influence. When the non-profit equity change and the equity change of other comprehensive profit and loss occurs in the affiliated enterprise, which does not affect the shareholding ratio of the consolidated company, the consolidated company will recognize the equity change under the shares of the affiliated enterprise attributable to the consolidated company as capital reserve according to the shareholding ratio.

The unrealized gains or loss from the transactions between the consolidated company and the affiliated enterprise are recognized in the financial statement only within the scope of the rights and interests of non-related party investors in affiliated enterprises.

When the loss share of the affiliated enterprise recognized by the consolidated company in proportion is equal to or more than its rights and interests in the affiliated enterprise, the consolidated company shall stop recognizing its losses, and recognize additional losses and related liabilities only within the scope of legal obligations, presumptive obligations or payments made on behalf of the invested company.

11. Investment property

Investment property refers to the property held for rent or asset appreciation, or both, rather than for normal business sale, production, provision of goods or services, or for administrative purposes. The original investment property is measured by cost, and subsequently is measured by cost less accumulated depreciation and accumulated impairment. The depreciation method, service life and residual value of investment property are subject to the provisions of real estate, plant and equipment.

Profit or loss from disposal of investment property (calculated in the difference of net disposal amount and the book value) are recognized in profit and loss.

Rental income of the investment property during the leasing period is recognized as operating income under the straight-line method and the leasing incentives are recognized as

part of the leasing revenue.

The estimated service life in the current and the comparative period is as follows::

Building and Structures	3~ 50 Years
-------------------------	-------------

## 12. Property, plant and equipment

### (1) Recognition and measurement

Property, plant and equipment are measured by the cost (including the cost of loans in capital) deducted the accumulative depreciation and all of the accumulative impairment.

If the significant part of property, plant and equipment is with different service life, it is regarded as the individual items (major components) of property, plant and equipment.

The profit or loss from disposal of property, plant and equipment are recognised as profit and loss.

### (2) Subsequent expenditure

Subsequent expenditure is capitalized only when its future economic benefits are likely to flow into the company.

### (3) Depreciation

Depreciation is calculated by the assets cost less the residual value and is recognized in profit or loss within the estimated service life each component using the straight-line method

No depreciation is recognized for land.

The estimated service life of current and the comparative period is as follows:

Building and Structure	2~ 55 Years
Machinery and Equipment	1~ 15 Years
Utilities Equipment	2~ 20 Years
Transportation Equipment	3~ 10 Years
Office Equipment	1~ 11 Years
Rental Assets	3~ 20 Years
Other Facilities	3~ 50 Years

The company reviews the method of depreciation, service life and residual value at every reporting date and makes appropriate adjustment if necessary.

### (4) Reclassification to investment property

If the property changes the purpose of its property from self-use to investment, the carrying amount of the property is reclassified as investment property when the use of property changes.

## 13. Leasing

### (1) Determination of leasing

The consolidated company determines whether the contract is leasing or includes leasing on the day of conclusion of contract. If the contract can be determined to obtain the control of an asset within the period of time to receive the consideration, then it is considered as leasing or including leasing:

#### 1. The company as lessee

The consolidated company recognised the right-of-use asset and the leasing liability on the date the lease starts. The right-to-use assets are originally measured at cost, which includes the original measured amount of lease liabilities, adjustment of any lease payments paid on or before the lease start date, addition of the original direct costs incurred and the estimated costs for dismantling, removing and restoring the target assets, and deduction of any lease incentives received.

The depreciation of the right-of-use asset is recognized from the beginning of the lease to the expiry of the service life of the right-of-use assets or when the lease terminates, which is earlier, by the straight-line-method. In addition, the consolidated company shall evaluate

the impairment of the right-of-use assets and handle all of the impairment loss occurred and adjust the right-of-use asset when re-measurement of leasing liabilities occurs.

The initial measurement of the leasing liability is on the present value of the lease payment payable from the commencement of lease. If the implied interest rate of the lease is easy to determine, the discount rate shall be the interest rate. If it is not easy to determine, the incremental borrowing rate of the company shall be used. Generally speaking, the company adopts its incremental loan interest rate as the discount rate.

The leasing payment measured under the leasing liability includes:

- i. Fixed payment, including the substantial fixed payment;
- ii. Variable lease payment depends on an index or a rate are included in the initial measurement of the lease liability;
- iii. Amounts expected to be payable by the lessee under residual value; and
- iv. The exercise amount of purchase option or termination option or the penalty to be paid when it is reasonably determined that the purchase option or lease termination option will be exercised.

The lease liability is subsequently re-measured to reflect changes in:

- i. An index or a rate used to determine the payment;
- ii. The amounts expected to be payable under residual value guaranteed;
- iii. The assessment of a purchase option;
- iv. Estimation on extension or termination option to change in the rental duration;
- v. Lease objectives, scope or other terms.

The lease liability is adjusted in the book value of the right-of-use assets when the above-stated change in index or rate, residual value guaranteed, and assessment of purchase, extension and termination. When the book value of right-of-use assets deducted to zero, the remaining balance shall be recognised in profit or loss.

For a lease modification that reduces the scope of the lease, the carrying amount of the right-to-use asset is reduced to reflect the partial or full termination of the lease, and the difference between it and the re-measured amount of the lease liability is recognized in profit or loss.

The consolidated company represents the right-of-use assets and leasing liability disqualified the definition of the investment property in single item on the balance sheet.

For short-term leasing of machinery equipment and office equipment or lease of subjects with low value, the consolidated company selects to not recognise them as right-of-use asset and leasing liability but to recognise the leasing payment as expenses within the duration of leasing under straight-line-basis.

## 2. The company as lessor

For the transactions with the consolidated company as lessor, a lease is classified as finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease. In the evaluation, the company considers whether the lease term covers the main part of the economic life of the target asset and other relevant specific indicators.

If the consolidated company is an intermediate lessor, it shall account the head lease and a sublease separately, and the head lease is classified as right-of-use asset assessed subtle transaction. If the head lease is a short-term lease and the recognition exemption is applicable, the sublease transaction should be classified as an operating lease.

If the agreement consists of leasing and non-leasing parts, the consolidated company allocates the consideration in the contract in accordance with IFRS 15.

For operating leases, the consolidated company adopts a straight-line basis to recognize the lease payments received as rental income during the lease term.

#### 14. Impairment of non-financial assets

The consolidated company reviews its book value of non-financial assets for indications of impairment at the end of each report date. If any indication of impairment exists, the asset's recoverable amount is estimated.

For the purpose of impairment test, a group of assets with cash inflow mostly independent of other individual assets or asset groups is regarded as the smallest identifiable asset group.

The recoverable amount is the higher of the fair value of an individual asset or cash generating unit less disposal costs and its value in use. When evaluating the value in use, the estimated future cash flow is converted to the present value at the pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risk of the asset or cash generating unit.

The impairment loss is recognized when the carrying amount of an individual asset or cash generating unit exceeds its recoverable amount.

The impairment loss is recognized immediately in profit and loss, and the carrying amount of the amortization goodwill of the cash generating unit is reduced first, and then the carrying amount of each asset is reduced in proportion to the carrying amount of other assets in the unit. For non-financial assets other than goodwill, they can only be reversed within the range not exceeding the carrying amount (less depreciation or amortization) determined when the impairment loss of the asset was not recognized in the previous year.

#### 15. Income recognition

##### 1. Income from contracts with customers

Income is measured according to the consideration expected to be obtained by transferring goods or services. The consolidated company recognizes the income when the control over goods or services is transferred to customers and the performance obligations are met. The description of the main income of the consolidated company as follows:

##### (1) Sales of goods

The consolidated company recognizes income when the control over the products is transferred. The transfer of control over the product means that the product has been delivered to the customer, and the customer can completely determine the sales channel and price of the product, and there is no un-performed obligation that will affect the customer's acceptance of the product. Delivery occurs when the product is delivered to a specific place, the risk of obsolescence and loss has been transferred to the customer, the customer has accepted the product according to the sales contract, the acceptance terms have expired, or the company has objective evidence that all acceptance conditions have been met.

The consolidated company recognises receivables from the time of goods delivery as the consolidated company has the right to receive the price of transaction, unconditionally.

##### (2) Composition of finance

The consolidated company expected that the time between transferring the goods or services to the clients and the time of customer payment for the goods or services should be within a year. Therefore, the consolidated company does not make any adjustment on the time value of currency for the price of transaction.

#### 16. Government grants

The consolidated company recognizes the government grants subject to the attached conditions as other income when it can receive the government subsidy related to the company's operation. Other assets related subsidies will be recognized by the consolidated company as asset reduction according to fair value when it can reasonably believe that it will comply with the conditions attached to the government grants and can receive the government grants. These assets shall be recognized as the loss and profit on a systematic basis. The government grants for compensation for the expenses or losses incurred by the

consolidated company is recognized as profit and loss based on the systematic basis in the same period of the recognition of related expenses.

#### 17. Employees' benefits

##### (1) Defined benefit plans

The allocation obligation of defined benefit pension plans is recognized as expenses while the employees are under service duration.

##### (2) Short-term employee benefit

Short-term employee benefit is recognized as expense while the service is provided. If the consolidated company has the current legal or constructive payment obligation due to the past service provided by the employees, and the obligation can be estimated reliably, the amount shall be recognized as a liability.

#### 18. Income tax

Income tax consists of current tax and deferred tax. Except for expenses related to business merger or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current tax comprises the expected tax payables or receivables on the taxable profits (losses) for the year and adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, the following temporarily differences not recognized as deferred tax:

- (1) The initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect accounting profit or taxable profit;
- (2) Temporarily differences associated with investment in subsidiaries and affiliated enterprise, but only to the extent that the consolidated company is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future; and
- (3) Taxable temporary differences arising from the original recognition of goodwill.

Deferred taxes shall be measured at the tax rates that are expected to apply to the period

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized.

when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- (1) The consolidated company has the legal right to offset the current income tax assets and current income tax liabilities; and

- (2) The taxing of deferred tax assets and liabilities fulfil one of the below scenarios:
  - i. Levied by the same taxing authority; or
  - ii. Levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

#### 19. Earnings per share

The consolidated company discloses the basic and diluted earnings per share attributed to the common stock equity owners of the company. The basic earnings per share of the consolidated company is calculated by dividing the profit and loss attributable to the common equity interest holders of the company by the weighted average number of common shares outstanding in the current period. Diluted earnings per share is calculated by adjusting the profit and loss attributable to the company's common equity interest holders and the weighted average number of outstanding common shares, respectively, for the impact of all potential diluted common shares. The dilutive potential common stock includes the compensation to the employees in form of shares.

#### 20. Segment information

The operating departments are integral parts of the consolidated company and are engaged in business activities that may earn income and incur expenses (including income and expenses related to transactions between other components in the consolidated company). The operating results of all operating departments are regularly reviewed by the major operating decision makers of the consolidated company to make decisions on the allocation of resources to the department and evaluate its performance. Each operating department has its own financial information.

### V. Critical accounting judgements and key sources of estimation and uncertainty

The preparation of the consolidated financial statements in conformity with the with the preparation standards and the international financial reporting standards approved by the FSC, requires management to make judgment, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next periods.

Information on accounting policies consist of critical accounting judgments and significant impact on the amount recognized the consolidated financial statements are as follows:

The determination of actual control over the subsidiaries

The consolidated company held less than 50% of the voting right of Yi Tong Fiber Co., Ltd., Xin Mao Investment Co., Ltd., Kwang Ming Silk Mill Co., Ltd., Hung Chou Fiber Industry Co., Ltd. However, considering that the remaining equity of the merged company is very dispersed, the participation of other shareholders in the previous shareholders' meeting shows that the merged company has the actual ability to lead the related activities unilaterally, and there is no evidence that there is an agreement between other shareholders to make collective decisions, so the consolidated company regards the above-mentioned companies as subsidiaries.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment with the next fiscal year, and reflected the impact of COVID-19 pandemic, as follows:

#### 1. Valuation on inventories

As the inventory must be measured at the lower of cost and net realizable value, the consolidated company assesses the amount of inventory due to normal wear and tear, obsolescence or no market sales value on the reporting date, and offsets the inventory cost

to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon, so major changes may occur due to rapid industrial changes. For the estimation on valuation on inventories please refer to Note 6(5).

2. Recognition of deferred income tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the consolidated company's subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets. For the recognition of deferred income tax assets please refer to Note 6(15).

**Valuation procedure**

The consolidated company's accounting policies and disclosure include fair value measurement of its financial and non-financial assets and liabilities. The consolidated company has established relevant internal control system for fair value measurement, and regularly reviews and adjusts major unobservable input values. If the input value used to measure the fair value is the information from an external third party (such as a broker or a pricing service provider), the evaluation team will evaluate the evidence provided by the third party in support of the input value to determine that the evaluation and its fair value classification are in line with the IFRS.

The company used the fair value that can be observed in the market to measure the value of assets and liabilities. The levels of fair value are is classified as follows based on the input value of evaluation technology use:

1. Level 1: Quoted prices (unadjusted) in active markets for identified assets or liabilities.
2. Level 2: inputs, other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
3. Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

**Transfer within levels**

If there is fact or condition for transfer within levels, the consolidated company shall and recognise the transfer at the report date.

**Further information on the assumption used in fair value**

Further information on the assumption used in fair value, please refer to the following notes 6(22), financial instrument

**VI. Contents of Significant Accounts**

1. Cash and cash equivalent

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Cash on Hand	\$ 474	476
Check Deposit	152,474	225,711
Demand Deposit	104,622	180,332
Foreign Currency Deposit	241,583	73,197
Cash and Cash Equivalent stated on Consolidated statement of cash flow	<b><u>\$ 499,153</u></b>	<b><u>479,716</u></b>

For the disclosure of interest rate risk and the sensitivity analysis of the financial assets and liability, please refer to Note 6 (22)

2. Financial Assets at fair value through income or loss

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Mandatorily as current financial asset at fair value through profit or loss,		
Current:		
Beneficiary Certificate	\$ -	4,123
Shares of domestic companies listed the exchange and OTC	677,531	590,227
Non-current:		
Shares of domestic companies not listed the exchange and OTC	-	88,867
Total	<b><u>\$ 677,531</u></b>	<b><u>683,217</u></b>

Financial Asset at fair value through profit or loss of the consolidated company are not provided as pledge endorsement by the date of December 31, 2021 and 2020.

3. Financial Assets at fair value through other comprehensive income

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Equity instruments at fair value through other comprehensive income		
Current:		
Shares of domestic companies listed the exchange and OTC: China Man-made Fibre Co., Ltd.	\$ 3	3
Equity instruments at fair value through other comprehensive income		
Non-current:		
Shares of domestic companies not listed the exchange and OTC		
COCONA. INC.	64,157	44,087
Taiwan Incubator SME Development Corporation	23,259	17,868
Taiwan Filament Weaving Development Co., Ltd.	10,369	10,369
Kuanz Ho Securities Co., Ltd.	172,487	142,892
Ho Chi Tang Investment Co., Ltd.	8,143	7,814
Nice Plaza Co., Ltd.	170,400	177,150
Yamai (Hong Kong) Limited	30,879	49,869
Cheering Knitting Industrial Co., Ltd.	393	464
The First Leasing Corporation	82,191	37,413
KHH Arena Corporation	10,250	14,803
I Jinn Industrial Co., Ltd.	2,166	1,365
Subtotal	<u>574,694</u>	<u>504,094</u>
Total	<b><u>\$ 574,697</u></b>	<b><u>504,097</u></b>

(1) Investments in equity instruments measured at fair value through other comprehensive income.

The equity instrument of the consolidated company are for strategic investment and not for the purpose of trading therefor designated as measured at fair value through comprehensive income or loss.



- (2) Due to the change in investment strategy, the Consolidated Company sold shares of domestic unlisted (over-the-counter) companies measured at fair value through other comprehensive income and loss in fiscal 2020, and the fair value and tax contribution at the time of disposal were \$182,200,000 and \$547,000, respectively, and the cumulative gain on disposal was \$32,553,000. As of December 31, 2011 and 2011, the accumulated gains from other equity were transferred to retained earnings of \$15,726,000 and non-controlling interest of \$16,827,000. As of December 31, 2021 and 2020, the outstanding amounts were \$Nil and \$171,202,000, respectively, and were recorded under other financial assets - current.
- (3) For information regarding credit risk and market risk, please refer to Note 6(22)
- (4) Financial assets at fair value through comprehensive income of the consolidated company are not provided as pledge endorsement by the date of December 31, 2021 and 2020.
4. Note receivable and account receivable

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Note Receivable-From operating	\$ 71,015	74,855
Account receivable – Amortized cost	308,271	418,529
Overdue Receivable (Listed as other non-current assets)	16,112	16,112
Less: Allowance loss	(17,730)	(17,730)
	<b><u>\$ 377,668</u></b>	<b><u>491,766</u></b>

- (1) The consolidated company adopts a simplified method to estimate the expected credit loss for all notes receivable and accounts receivable, that is, to measure the expected credit loss during the life time. For this purpose, these notes receivable and accounts receivable are grouped according to the common credit risk characteristics representing the customer's ability to pay all amounts due according to the contract terms, and have been included in the forward-looking information. An analysis of the company's expected credit losses on notes and accounts receivable is as follows

	<b>December 31, 2021</b>		
	<b>Accounts receivable book value</b>	<b>Forecast weighted average credit loss ratio</b>	<b>Lifetime allowance forecast credit loss</b>
Not overdue	\$ 369,683	0%	-
Past due under 90 days	7,985	0%	-
Past due over 180 days	17,730	100%	17,730
	<b><u>\$ 395,398</u></b>		<b><u>17,730</u></b>

	<b>December 31, 2020</b>		
	<b>Accounts receivable book value</b>	<b>Forecast weighted average credit loss ratio</b>	<b>Lifetime allowance forecast credit loss</b>
Not overdue	\$ 491,010	0%	-
Past due under 90 days	756	0%	-
Past due over 180 days	17,730	100%	17,730
	<b><u>\$ 509,496</u></b>		<b><u>17,730</u></b>

- (2) The change in impairment loss of note receivable and account receivable of the consolidated company, as follows:

	<b>Year 2021</b>	<b>Year 2020</b>
Opening balance	\$ 17,730	18,108
Reversal of Impairment loss(Listed under	-	(378)

income(loss) from discontinued operations)		
Ending balance	<u>\$ 17,730</u>	<u>17,730</u>

(3) The note receivable and account receivable of the consolidated company are not provided as pledge endorsement as of the date of December 31, 2021 and 2020.

(4) For other information on credit risk, please refer to Note 6(22).

(5)

5. Inventories

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Finished goods	\$ 571,189	535,071
Work in Process	173,217	96,658
Raw material	101,648	110,495
Materials	49,902	44,850
Less: Allowance Loss	<u>(109,846)</u>	<u>(115,416)</u>
	<u>\$ 786,110</u>	<u>671,658</u>

Details of cost of sales are as follows :

	<u>2021</u>	<u>2020</u>
Inventory sale transfer	\$ 3,744,067	2,502,156
Loss on decline in value of inventories ( recovery benefit )	(5,570)	14,443
Unallocated Manufacturing Costs	-	4,186
Selling offcuts	(6,851)	(5,130)
De-processing offset number	(243,533)	(132,019)
Leasing Costs	98,162	78,906
Other	3,954	11,466
Add: Gain on reversal of decline in value of inventories attributable to discontinued units	<u>-</u>	<u>27,867</u>
	<u>\$ 3,590,229</u>	<u>2,501,875</u>

(1) The increase in net realizable value of the Consolidated Company's inventories in fiscal 2021 and the reversal of the previously recognized decline in value were due to the increase in demand from end-users and the increase in the market price of inventories; the decline in value of inventories in fiscal 2020 was due to the decrease in demand from end-users and the slowing down of shipment, resulting in an increase in the ageing of inventories.

(2) By the time of December 31, 2021 and 2020, the inventories of consolidated company were not provided as pledge endorsement.

(3) The consolidated company receive the government grants on the salaries and operating capital of manufacturing industry affected by COVID-19, the relevant terms as no unpaid leaves, unemployment and salary reduction and other acts damaged the employees' equity and dismiss and shut down is prohibited. The salaries grant received by the consolidated

company is NT\$28,271 thousand and listed as inventories reduction and operating expense reduction in 2020, and the consolidated company received operating capital grants of NT\$2,390 thousand listed as other profit and loss. For details, please refer to Note 6(21).

6. Non-current asset and discontinued operations

(1) Discontinued operations:

The consolidated company's board of directors dated October 31, 2019 decided to terminate the factory in Tainan of Department of processing yarn to terminate the continuous loss to reduce the operation loss of the company.

The operating result of discontinued operation is as follows:

<b>Operational result of discontinued operations:</b>	<u><b>Year 2020</b></u>
Operating income	\$ 102,410
Operating cost	<u>(166,953)</u>
Gross loss from operations	(64,543)
Operating expense	<u>(10,250)</u>
New loss from operation	(74,793)
Non-operating income and expense	<u>(842)</u>
Net loss before tax	(75,635)
Income tax expense	-
<b>Net loss from discontinued operation (attributable to parent company)</b>	<u><b>\$ (75,635)</b></u>
<b>Primary loss per share (NT\$)</b>	<u><b>\$ (0.34)</b></u>
<b>Diluted loss per share (NT\$)</b>	<u><b>\$ (0.34)</b></u>
<b>Net cash flow from discontinued operation</b>	
Net cash flow from operating activities	<u>\$ 215,058</u>
Net cash flow	<u><b>\$ 215,058</b></u>

(2) Assets held for sale:

	<u><b>December 31, 2021</b></u>	<u><b>December 31, 2020</b></u>
Investment property	\$ 430,306	-
Other non-current assets	307	-
Total	<u><b>\$ 430,613</b></u>	<u>-</u>

The change in assets held for sale of the consolidated company, as follows:

	<u><b>Year 2021</b></u>	<u><b>Year 2020</b></u>
Opening balance	\$ -	1,366,362
Transferred-in	430,613	691,267
Disposal	-	<u>(2,057,629)</u>
Ending balance	<u><b>\$ 430,613</b></u>	<u>-</u>

(1) On July 31, 2019, October 31, 2019 and June 3, 2020, respectively, the Consolidated Company resolved to sell the land and buildings in the new downtown area of Tainan City in batches by the board of directors' resolution and then completed the real estate handover procedures in the second quarter of 2020, and

recognized a gain of \$970,540 thousand on disposal of non-current assets held for sale in fiscal 2020. As of December 31, 2021, the sale price has been fully recovered.

- (2) The Consolidated Company approved the sale of certain land and buildings in Guanyin District, Taoyuan City by resolution of the board of directors on November 30, 2018, and the sale and purchase agreement was completed on November 30, 2018, and the related transaction procedures were completed on February 28, 2019; the final amount receivable as of December 31, 2021 and 2020 was \$0 and \$42,117 thousand, respectively, recorded as financial assets - current.
- (3) In December 2021, the Consolidated Company's board of directors approved the sale of land and buildings in Hukou Township, Hsinchu County, and the sale contract was completed on December 20, 2021 for \$2,471,817,000 (including tax). Accordingly, the investment property - land and buildings of \$430,306,000 and other non-current assets of \$307,000 were reclassified to non-current assets held for sale. As of December 31, 2021, the transfer procedures have not been completed.

7. Other financial assets - current

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other receivable – Transfer of shares (Note 6 (3))	\$ 58,741	242,560
Other receivable – real estate receipts	-	42,117
Other receivable – business tax refund	3,093	27,166
Restricted assets	-	-
Other	12,457	15,671
Less: Allowance loss	(58,741)	(58,741)
	<u>\$ 15,550</u>	<u>268,773</u>

**The credit risk of other receivables has not changed significantly and no impairment loss is suspected, except for the impairment loss recorded. Please refer to Note 6(22) for additional credit risk information.**

8. Subsidiaries with significant non-controlling equity

Non-controlling equity of subsidiaries of significance to the consolidated company as follows:

<u>Name of subsidiaries</u>	<u>Main place of business Country of company registration</u>	<u>Ratio of ownership interest and voting rights of non- controlling interest</u>	
		<u>December 31, 2021</u>	<u>December 31, 2020</u>
Hung Chou Fibre Industrial Co., Ltd.	Taiwan	59.31%	59.31%
Kwang Ming Silk Mill Co., Ltd.	Taiwan	53.32%	53.32%
Yi Tong Fibre Co., Ltd.	Taiwan	53.19%	51.69%

The above stated summary financial information is prepared under the IFRSs endorsed by the FSC and reflects the adjustment of the fair value at the day of acquisition and the difference in accounting policies and the amount in the financial information as not deducted from the amount of transaction within the inter-companies:

(1) Financial summary of Hung Chou Fibre Industrial Co., Ltd.

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current Assets	\$ 904,701	776,336
Non-current Assets	3,503,823	3,537,605
Current Liabilities	(742,661)	(897,704)
Non-current Liabilities	(944,327)	(798,890)
Net assets	<b>\$ 2,721,536</b>	<b>2,617,347</b>
End of period book value of non-controlling interest	<b>\$ 1,613,859</b>	<b>1,552,349</b>
	<b>Year 2021</b>	<b>Year 2020</b>
Operating income	<b>\$ 2,965,326</b>	<b>1,558,963</b>
Net income(loss) for the period	\$ 103,709	(157,713)
Other comprehensive income	-	2,734
Total comprehensive income	<b>\$ 103,709</b>	<b>(154,979)</b>
Belongs to Net profit(loss) in non-controlling interest	<b>\$ 61,510</b>	<b>(93,495)</b>
Belongs to the Total comprehensive income in non-controlling interest	<b>\$ 61,510</b>	<b>(91,873)</b>
	<b>Year 2021</b>	<b>Year 2020</b>
Cash flow in operating activities	\$ 330,183	(39,246)
Cash flow in investing activities	(40,566)	(70,073)
Cash flow in financing activities	(200,915)	131,078
Increase (Decrease) in Cash and Cash equivalent	<b>\$ 88,702</b>	<b>21,759</b>

(2) Financial summary of Kwang Ming Silk Mill Co., Ltd.

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current assets	\$ 468,066	548,711
Non-current assets	2,761,273	2,586,091
Current Liabilities	(219,148)	(261,840)
Non-current liabilities	(1,246,288)	(1,114,548)
Net assets	<b>\$ 1,763,903</b>	<b>1,758,414</b>
End of period book value of non-controlling interest	<b>\$ 938,131</b>	<b>937,340</b>
	<b>Year 2021</b>	<b>Year 2020</b>
Operating income	<b>\$ 916,838</b>	<b>591,738</b>
Net income(loss) for the period	\$ 82,324	(19,190)
Other comprehensive income	-	145
Total comprehensive income	<b>\$ 82,324</b>	<b>(19,045)</b>
Belongs to the Net Profit (Loss) in non-controlling interest	<b>\$ 43,895</b>	<b>(10,464)</b>
Belongs to the Total comprehensive income in non-controlling interest	<b>\$ 43,895</b>	<b>(10,287)</b>

	<u>Year 2021</u>	<u>Year 2020</u>
Cash flow from operating activities	\$ 258,243	(63,341)
Cash flow from investing activities	(185,196)	(211,711)
Cash flow from financing activities	420	167,043
Increase (Decrease) in Cash and Cash relevant	<u>\$ 73,467</u>	<u>(108,009)</u>
Dividends paid in non-controlling interests	<u>\$ (43,144)</u>	<u>(43,144)</u>

(3) Financial summary of Yi Tong Fibre Co., Ltd.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 575,509	240,937
Non-current assets	2,239,336	3,509,408
Current liability	(192,034)	(178,634)
Non-current liability	(1,67,358)	(1,751,088)
Net assets	<u>\$ 950,453</u>	<u>864,375</u>
End of period book value of non-controlling interest	<u>\$ 505,546</u>	<u>446,895</u>

	<u>Year 2021</u>	<u>Year 2020</u>
Operating income	<u>\$ 98,544</u>	<u>79,320</u>
Net income(loss)	\$ 118,521	55,693
Other comprehensive income(loss)	47,635	21,145
Total comprehensive income(loss)	<u>\$ 166,156</u>	<u>76,838</u>
Belongs to net profit(loss) of non-controlling interest	<u>\$ 63,054</u>	<u>28,951</u>
Belongs to total comprehensive income(loss) of non-controlling interest	<u>\$ 87,501</u>	<u>39,881</u>

	<u>Year 2021</u>	<u>Year 2020</u>
Cash flow from operating activities	\$ 47,936	91,480
Cash flow from investing activities	102,607	(137,275)
Cash flow from financing activities	(157,880)	54,797
Increase (Decrease) in Cash and Cash relevant	<u>\$ (7,337)</u>	<u>9,002</u>
Dividends paid for non-controlling interest	<u>\$ (45,762)</u>	<u>(23,215)</u>

## 9. Property, plant and equipment

The cost, depreciation and change in impairment loss of the property, plant and equipment of 2021 and 2020 of the consolidate company, as follows:

	Land	Building and Structure	Machinery and Equipment	Utilities Equipment	Transportation Equipment	Office Equipment	Rental Assets	Unfinished construction and equipment pending acceptance	Total
Cost or deemed cost:									
Balance at January 1, 2021	\$ 2,682,152	796,079	3,952,353	308,006	40,932	292,675	18,446	35,874	8,126,487
Addition	-	592	5,682	1,273	-	2,283	-	34,087	43,917
Disposal/retired	-	-	(4,223)	-	(2,560)	(2,693)	-	-	(27,892)
Reclassified as other non-current asset	-	8,037	36,807	(1,026)	3,138	2,648	-	(50,344)	(740)
Balance at December 31, 2021	<b>\$ 2,682,152</b>	<b>804,708</b>	<b>3,990,619</b>	<b>308,253</b>	<b>41,510</b>	<b>294,913</b>	<b>18,416</b>	<b>19,617</b>	<b>8,141,772</b>
2021									
Balance at January 1, 2020	\$ 2,682,354	797,029	3,998,883	299,774	44,359	280,891	18,446	51,674	8,173,410
Addition	-	85	2,286	8,232	4,985	792	-	96,707	113,087
Disposal/retired	(202)	(237)	(88,948)	-	(8,412)	(3,720)	(30)	-	(101,549)
Reclassification	-	-	40,132	-	-	14,712	-	(56,104)	(1,260)
Reclassified as other non-current asset	-	-	-	-	-	-	-	(56,403)	(56,403)
Reclassified as non-current assets held for sale	-	(798)	-	-	-	-	-	-	(798)
Balance at December 31, 2020	<b>\$ 2,682,152</b>	<b>796,079</b>	<b>3,952,353</b>	<b>308,006</b>	<b>40,932</b>	<b>292,675</b>	<b>18,416</b>	<b>35,874</b>	<b>8,126,487</b>
2020									
Balance at January 1, 2021	\$ -	430,326	3,663,626	276,084	30,663	270,604	18,446	-	4,689,719
Depreciation	-	15,453	72,509	2,997	2,187	4,215	2,799	-	100,160
Disposal/retired	-	-	(4,223)	-	(2,268)	(2,693)	(18,416)	-	(27,600)
Reclassification	-	-	-	-	2,799	-	(2,799)	-	-
Balance at December 31, 2020	<b>\$ -</b>	<b>445,779</b>	<b>3,731,912</b>	<b>279,081</b>	<b>33,381</b>	<b>272,126</b>	<b>-</b>	<b>-</b>	<b>4,762,279</b>
2021									
Balance at January 1, 2020	\$ -	414,796	3,678,043	272,605	36,472	270,254	18,446	-	4,690,616
Depreciation	-	16,325	57,220	3,479	2,086	4,054	-	-	83,164
Disposal/retired	-	(84)	(71,637)	-	(7,895)	(3,704)	(30)	-	(83,350)
Reclassified as non-current assets held for sale	-	(711)	-	-	-	-	-	-	(711)
Balance at December 31, 2020	<b>\$ -</b>	<b>430,326</b>	<b>3,663,626</b>	<b>276,084</b>	<b>30,663</b>	<b>270,604</b>	<b>18,416</b>	<b>-</b>	<b>4,689,719</b>
Book Value:									
December 31, 2021	<b>\$ 2,682,152</b>	<b>358,920</b>	<b>258,707</b>	<b>29,172</b>	<b>8,129</b>	<b>22,787</b>	<b>-</b>	<b>19,617</b>	<b>3,379,493</b>
January 1, 2020	<b>\$ 2,682,354</b>	<b>382,233</b>	<b>320,840</b>	<b>27,169</b>	<b>7,887</b>	<b>10,637</b>	<b>-</b>	<b>51,674</b>	<b>3,482,794</b>
December 31, 2020	<b>\$ 2,682,152</b>	<b>365,753</b>	<b>288,727</b>	<b>31,922</b>	<b>10,269</b>	<b>22,071</b>	<b>-</b>	<b>35,874</b>	<b>3,436,768</b>

- (1) For the property, plant and equipment transferred to assets held for sale by the consolidated company on year 2021 and 2020, please refer to Note 6(6) for related description.
- (2) For the details for bank deposit and endorsement for funding on the date December 31, 2021 and 2020, please refer to Note 8.

## 10. Investment property

The Investment property as the office building rented to third parties for operating rental owned by the company. The rental period of investment property is five to ten years and part of the contracts allow the lessee to have options on extension.

The change in investment property of the consolidated company as follows:

	Land and land revaluation increment	Building and Structure	Total
Cost or deemed cost:			
Balance at January 1, 2021	\$ 8,015,368	3,230,352	11,245,720
Addition	99,004	150,515	249,519
Transferred from other non-current assets	442,852	526,831	969,683
Reclassified as non-current assets held for sale	(318,485)	(440,615)	(759,100)

Reclassified	479	(479)	-
Transfer to other receivables	(6,490)	-	(6,490)
Balance at December 31, 2021	<b>\$ 8,232,728</b>	<b>3,466,604</b>	<b>11,699,332</b>
Balance at January 1, 2020	\$ 7,110,318	2,776,346	9,886,664
Addition	1,216,512	651,161	1,867,673
Disposal	-	(61,696)	(61,696)
Transferred from advance real estate payment	173,613	72,977	246,590
Reclassified as non-current assets held for sale	(655,131)	(38,380)	(693,511)
Reclassification	170,056	(170,056)	-
Balance at December 31, 2020	<b>\$ 8,015,368</b>	<b>3,230,352</b>	<b>11,245,720</b>
Depreciation and Impairment Loss:			
Balance at January 1, 2021	\$ 49,339	492,818	542,157
Depreciation	-	70,484	70,484
Reclassified as non-current assets held for sale	-	(328,794)	(328,794)
Balance at December 31, 2021	<b>\$ 49,339</b>	<b>234,508</b>	<b>283,847</b>
Balance at January 1, 2020	\$ 4,077	448,469	452,546
Depreciation	-	59,734	59,734
Impairment Loss	45,262	-	45,262
Disposal	-	(13,054)	(13,054)
Reclassified as non-current assets held for sale	-	(2,331)	(2,331)
Balance at December 31, 2020	<b>\$ 49,339</b>	<b>492,818</b>	<b>542,157</b>
Book Value:			
December 31, 2021			
January 1, 2020	<b>\$ 8,183,389</b>	<b>3,232,096</b>	<b>11,415,485</b>
December 31, 2020	<b>\$ 7,106,241</b>	<b>2,327,877</b>	<b>9,434,118</b>
	<b>\$ 7,966,029</b>	<b>2,737,534</b>	<b>10,703,563</b>

- (1) Investment property consists of various property and plant for leasing to others. The consolidated company create pledge of part of the land in Changhua, which hold by CHANG, ZHEN TIAN and others. To the consolidated company and the land is used to for rent temporarily.
- (2) The investment property held by the consolidated company is appraised by the market value and the appraisal report of the closed area and the fair value were NT14,481,964 thousand and NT\$10,856,163 thousand of the date December 31, 2020 and 2019, respectively.
- (3) The significant purchase and disposal of investment property of the consolidated company on the date of December 31, 2020, please refer to Note 13.
- (4) The contract of joint construction contract of Yucheng section, Nangang was signed with Farglory Construction Co., Ltd. on January 29, 2019, obtained the construction license on April 10, 2020, and under construction.
- (5) The consolidated company assessed the investment property in Huantan and Dachun, Changhua on the conditions of using and the value impairment loss, and listed the impairment loss of NT\$45,262 thousand in 2020.
- (6) Investment property is at fair value by the basis of market price of surrounding area as the level 2. The fair value of the land in Guanyin District, Taoyuan is NT\$ 97 thousand per 3.3 square meters at the year 2019. The consolidated company assess on the impairment of the above-mentioned investment property, listed as recovery benefit of NT\$90,000 thousand in



2019.

- (7) The consolidated company transfer the investment property to non-current asset held for sale at the year 2020 and 2019, related description please refer to Note 6(6).
- (8) The consolidated company deconstruct the structure of No.148 ZhenXin Rd, East District, Taichung City in 2020. The retirement loss is NT\$48,642 thousand and the expense on deconstruction is NT\$20,000 thousand and listed separately under other income and expenses and other income and loss. The amount of deconstruction of NT\$16,600 thousand is unpaid at December 31, 2020 and listed as other payable.
- (9) The investment property used for long-term loan and endorsement of funding, please refer to Note 8.

11. Other non-current assets

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Advance real estate payment	\$ 154,155	295,486
Other	28,819	20,520
	<b><u>\$ 182,974</u></b>	<b><u>316,006</u></b>

The information on significant real estate prepayment on the date of December 31, 2021 and 2020 of the consolidated company is stated in Note 9.

12. Short-term loans

The details of short-term loans of the consolidated company as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Unsecured loan from bank	\$ 270,000	520,000
Secured loan from bank	696,500	557,500
Loan from letter of credit	239,05	276,420
Total	<b><u>\$ 1,206,005</u></b>	<b><u>1,135,920</u></b>
Unused facilities	<b><u>\$ 1,787,601</u></b>	<b><u>1,384,775</u></b>
Interest rate collars	<b><u>0.58%~1.50%</u></b>	<b><u>0.58%~1.40%</u></b>

The asset created for bank deposit endorsement pledge of the consolidated company, please refer to Note 8.

13. Long-term loans

Details, terms and conditions of long loan of the consolidated company, as follows:

	<b>December 31, 2021</b>			
	<b>Currency</b>	<b>Interest rate collars</b>	<b>Year overdue</b>	<b>Amount</b>
Secured loan from bank	New Taiwan Dollars	1.08%~1.73%	2022~2041	\$ 8,456,953
Less: Parts overdue within one year				<u>(307,079)</u>
Total				<b><u>\$ 8,149,874</u></b>
Interest rate collars				<b><u>\$ 77,000</u></b>

	<b>December 31, 2020</b>			
	<b>Currency</b>	<b>Interest rate collars</b>	<b>Year overdue</b>	<b>Amount</b>
Secured loan from bank	New Taiwan Dollars	1.08%~1.78%	2021~2040	\$ 7,827,294
Less: Parts overdue within one year				(439,932)
Total				<b><u>\$ 7,387,362</u></b>
Interest rate collars				<b><u>\$ 68,000</u></b>

Collaterals for bank loans

For the asset created for bank deposit endorsement pledge of the consolidated company, please refer to Note 8.

#### 14. Operating lease

The consolidated company leases its investment real estate. Because it does not transfer almost all the risks and rewards belonging to the ownership of the target assets, these lease contracts are classified as operating leases. Please refer to note 6 (10) investment real estate for details.

The undiscounted amount of rental payment due after the report date as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Less than a year	\$ 182,496	206,828
One to two year	155,718	173,418
Two to three year	152,017	139,076
Three to four year	72,286	126,249
Four to five year	53,617	64,387
More than five years	123,335	118,507
Total amount of undiscounted lease	<b><u>\$ 739,469</u></b>	<b><u>828,465</u></b>

The above-stated leasing contract is recognised as rental income, in accordance of IFRS 16 the lease payment is recognised as rental income under the duration of lease by the straight-line-basis.

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Lease receivable – current (listed under other current assets)	\$ 375	229
Long-Term Receivable (listed under other non-current assets)	5,097	4,786
	<b><u>\$ 5,472</u></b>	<b><u>5,015</u></b>

The rental income from investment property and renting assets of the year 2021 and 2020 please refer to Note 6(18). The maintenance expense (listed as operating cost) of renting investment property please refer to Note 6(5).

#### 15. Income tax

##### (1) Income tax expense

The details of income tax expense of the consolidated of 2021 and 2020, as follows:

	<b>Year 2021</b>	<b>Year 2020</b>
Current income tax expense		
Created with the period	\$ 30,812	2,323
Surtax on undistributed retained earnings	1,020	14,693

Land Value increment tax	-	158,525
Over-estimate of income tax for the past years.	(687)	(2,431)
	<u>31,145</u>	<u>173,110</u>
Deferred income tax expense		
Reverse and occur of temporary difference	(592)	4,856
Income tax expense	<u><b>\$ 30,553</b></u>	<u><b>177,966</b></u>

The adjustment of relationship between income tax expense and net income before tax of the consolidated company of the year 2021 and 2020, as follows

	<u>Year 2021</u>	<u>Year 2020</u>
Income before tax	\$ 396,685	810,287
Income tax calculated by the tax rate enacted by the region of the company	\$ 79,337	162,057
Income basic tax	-	- 9,052
Impairment loss		
Dividend income	(5,517)	(11,393)
Land	-	158,525
Tax-free income of land sold	-	(222,658)
Surtax on undistributed retained earnings	1,020	14,693
Under-estimate of income tax of prior period	(687)	(2,431)
Valuation gain on financial assets	(32,498)	(13,348)
Recognition of unrecognized tax loss of the prior period	-	(26)
Unrecognized tax loss of the deferred income tax assets	(16,880)	57,950
Unrecognized temporarily difference	(1,287)	7,958
Other	(5,287)	17,587
Total	<u><b>\$ 30,553</b></u>	<u><b>177,966</b></u>

(2) Deferred income tax assets and liabilities

i. Unrecognised deferred income tax assets

The unrecognised deferred income tax assets of the consolidated company, as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bad Debts loss	\$ 11,748	12,133
Deferred interest	9,972	9,778
Loss carryforwards	245,809	266,563
Other	23,898	24,712
	<u><b>\$ 291,427</b></u>	<u><b>313,186</b></u>

According to the provisions of the Income Tax Law, the loss of the previous ten years is deducted from the net profit of the current year after being approved by the tax collection authority, and then the income tax is accounted. These are not recognized as deferred income tax assets because the consolidated company may not have sufficient tax income for the temporary difference.

ii. Recognised deferred income tax assets

The change in deferred income tax assets of the year 2021 and 2020, as follows:

	<b>Loss</b>		
	<u>Loss carryforwards</u>	<u>Other</u>	<u>Total</u>
<b>Deferred income tax assets:</b>			
<b>Balance at January 1, 2021</b>	\$ 63,778	6,456	70,234
Debit income statement	(249)	805	556
<b>Balance at December 31, 2021</b>	<b><u>\$ 63,529</u></b>	<b><u>7,261</u></b>	<b><u>70,790</u></b>
<b>Balance at January 1, 2020</b>	\$ 63,778	11,194	74,972
Credit income statement	-	(4,738)	(4,738)
<b>December 31, 2020</b>	<b><u>\$ 63,778</u></b>	<b><u>6,456</u></b>	<b><u>70,234</u></b>

	<b>Land Value</b>		
	<u>Increment Tax</u>	<u>Other</u>	<u>Total</u>
<b>Deferred income tax liabilities:</b>			
Balance at January 1, 2021	\$ (226,293)	(821)	(227,114)
Debit income statement	-	36	36
<b>Balance at December 31, 2021</b>	<b><u>\$ (226,293)</u></b>	<b><u>(785)</u></b>	<b><u>(227,078)</u></b>
<b>Balance at January 1, 2020</b>	\$ (226,293)	(703)	(226,996)
Credit income statement	-	(118)	(118)
<b>December 31, 2020</b>	<b><u>\$ (226,293)</u></b>	<b><u>(821)</u></b>	<b><u>(227,114)</u></b>

The unrecognised deferred income tax asset, the loss from income tax and the duration for deduction of the consolidated company until December 31, 2021, as follows:

<u>Year of Loss</u>	<u>Loss before deduction</u>	<u>Last deduction year</u>
Year 2012	\$ 211,737	Year 2022
Year 2013	342,551	Year 2023
Year 2014	282,482	Year 2024
Year 2015	253,230	Year 2025
Year 2016	46,191	Year 2026
Year 2017	148	Year 2027
Year 2018	14,218	Year 2028
Year 2019	12,286	Year 2029
Year 2020	365,301	Year 2030
Year 2021	18,547	Year 2031
	<b><u>\$ 1,546,691</u></b>	

If the actual taxable income is higher or lower than expected, might be shown a reverse or listed as deferred asset and as the income tax expense or income in the period of reversal or listed.

- (3) The tax authorities have completed examination of income tax returns of the Company and subsidiaries in 2019.

#### 16. Capital and other equity

##### (1) common stock

As of December 31, 2021 and 2020, the authorized share of common stock of the Company amounted to NT\$5,600,000 thousand with a par value of NT\$10 per share of which 560,000 thousand shares. 301,648 thousand shares were issued and all issued shares were paid up

upon issuance.

(2) Capital Surplus

The components of capital surplus were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Share premium	\$ 178,238	178,238
Treasury stock	289,199	252,773
Recognise changes in all equity in Subsidiaries	8,825	8,170
Difference between consideration and carrying amount of Subsidiaries acquired or disposed	12,648	7,280
Other	11,745	11,745
	<b><u>\$ 500,655</u></b>	<b><u>458,206</u></b>

According to the Company Act, Capital Surplus is used to make up the loss and distribute the realised capital surplus to the shareholders with their original ratio of shareholding in form of new shares or cash. The realised capital surplus is including the additional paid-in capital in excess of par-issued stock and the income of gift received. According to the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, the distribution capital of capital surplus may not exceed 10% of the total capital every year.

(3) Retained earnings

According to the Article of Incorporation, the retained earnings of the annual final account shall be used for tax payment, to make up the loss of the past years and to reserve 10% for the legal reserve, but it is not restricted if the legal reserve exceed the capital of the Company. The company may allocate the special reserve depending on the need of operating and legal restriction; if there are still earnings, they can be added to the undistributed earnings at the opening balance and distributed by the proposal of board of directors and the approval from the shareholders’ meeting. If the Company distributes dividends and bonuses or legal reserve and capital surplus in whole or in part in the form of cash, the Board of Directors is authorized to do so with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, and to report such distribution to the shareholders' meeting.

The bonus policy of the Company is to cope with the current and future development plan, considering the investment environment, capital needed and the competition within the country and overseas. For the interest of shareholders and the development of the company, not more than 10% of the cash dividend will be distributed and the rest will be distributed with share dividend when the shareholders approved to distribute shareholders’ dividends and bonuses.

i. Legal Reserve

Legal reserve may be distributed when there is no loss of the company and approved by the shareholders’ meeting. The legal reserve may be distributed in form of new shares and cash, and only when the legal reserve exceeds 25% of the total capital.

ii. Special Reserve

According to the regulations of the FSC when distributing retained earnings, the company shall list the difference between the net value of other shareholders’ equity deduction and the balance of special reserve and shall listed the special reserve from the current profit and loss and the undistributed earnings from the previous period. For the amount of other shareholders’ equity deduction of aforementioned, shall listed with the undistributed earnings from the previous period and may not be distributed. If there is other shareholders’ equity deduction reversal, then the company may distribute the reversal part of the other shareholders’ equity deduction.

Therefore, in accordance with the above regulations, the Company reversed the

appropriation of earnings and provided special reserve of \$(20,939,000) and \$20,939,000 on August 4, 2021 and June 11, 2020, respectively, as resolved by the shareholders' meeting

iii. Earning distribution

The Company resolved the distribution of earnings from January 1, 2020 to June 30, 2020 and from July 1, 2019 to December 31, 2019 at the board of directors' meeting and the shareholders' meeting on August 11, 2020 and June 11, 2020, respectively. The amount of owners' dividend distribution as follows:

	<u>January to June, 2020</u>		<u>July to December, 2019</u>	
	<u>Dividend rate(yuan)</u>	<u>Amount</u>	<u>Dividend rate(yuan)</u>	<u>Amount</u>
Dividends to common stockholder:				
Cash	\$ 0.50	<u>150,824</u>	0.50	<u>150,824</u>

The earning distribution of July 1, 2020 to December 31, 2020 is approved by the board of directors on March 25, 2021. Amount of cash dividends in the profit distribution proposal

	<u>July to December, 2020</u>	
	<u>Dividend rate(yuan)</u>	<u>Amount</u>
Dividends to common stockholder:		
Cash	\$ 1.0	<u>301,648</u>

The information regards to the above-stated earning distribution is available on MOPS.

(4) Treasury Stock

The following table shows the treasury stock of the company holds by the reinvesting subsidiaries (Xin Mao Investment Co., Ltd. and Yi Tong Fiber Co., Ltd.) on the date December 31, 2020 and 2021.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiary holding parent company shares (Thousands of shares)	<u>78,565</u>	<u>78,465</u>
Acquisition cost	<u>\$ 731,599</u>	<u>729,809</u>
Stock market price	<u>\$ 1,535,944</u>	<u>1,294,671</u>
Amount of treasury stock	<u>\$ 344,203</u>	<u>325,463</u>

(5) Other equity (Net amount after tax)

	<u>Unrealized gains or losses on fair value through other comprehensive income financial assets.</u>
Balance at January 1, 2021	\$ 65,111
Unrealized gains or losses on fair value through other comprehensive income financial assets.	45,842
Balance at December 31, 2021	<u>\$ 110,953</u>
Balance at January 1, 2020	\$ (20,939)
Unrealized gains or losses on fair value through other comprehensive income financial assets.	101,776
Share of Profit or Loss on fair value through other comprehensive income financial assets of Associates & Joint Ventures Accounted for Using Equity Method	(15,726)
Balance at December 31, 2020	<u>\$ 65,111</u>

(6) Non-controlling equity

	<u>Year 2021</u>	<u>Year 2020</u>
Opening balance	\$ 3,146,894	3,275,847
Net income (loss) of the year	165,529	(85,571)
Unrealized gains or losses on fair value through other comprehensive income financial assets	24,758	12,278
Cash dividend paid to the subsidiaries	42,039	-
Recognise changes in all equity in Subsidiaries	24,314	4,523
Subsidiaries distribute cash dividends to non-controlling equity	(106,622)	(75,217)
Subsidiaries buy shares of parent as treasury stock	(940)	(864)
Increased in non-controlling equity	25,849	23,769
Difference of carrying value of acquired or disposed shareholding of the subsidiaries	(12,447)	(5,871)
Ending balance	<u>\$ 3,309,374</u>	<u>3,146,894</u>

17. Earnings (loss) per share

The calculation on basic earnings per share and diluted earnings per share of the consolidated company, as follows:

	<u>Year 2021</u>	<u>Year 2020</u>
<b>Basic earnings per share</b>		
Net profit from continuous operations of the company	\$ 200,603	719,892
Net loss from discontinued operations	-	(75,635)
	<u>\$ 200,603</u>	<u>644,257</u>
Weighted average number of common shares outstanding (thousands of shares)	223,170	223,209
From continuous operations	\$ 0.90	3.23
From discontinued operations	-	(0.34)
	<u>\$ 0.90</u>	<u>2.89</u>

	<u>Year 2021</u>	<u>Year 2020</u>
<b>Diluted earnings per share</b>		
Net profit from continuous operations of the company	\$ 200,603	719,892
Net loss from discontinued operations	-	(75,635)
	<u>\$ 200,603</u>	<u>644,257</u>
Weighted average number of common shares outstanding (thousands of shares)	223,170	223,209
Influence on dilutive potential common share		
Influence of employees' stock compensation (thousands of shares)	125	433
Weighted average number of dilutive potential common share outstanding (thousands of shares)	223,295	223,642
From continuous operations	\$ 0.90	3.22
From discontinued operations	-	(0.34)
	<u>\$ 0.90</u>	<u>2.88</u>

18. Revenue from contracts with customers

(1) Disaggregation of revenue

	Year 2021		
	Department of textile	Department of leasing	Total
Main region market:			
Taiwan	\$ 2,837,338	181,444	3,018,782
Asia	815,545	-	815,545
America	174,076	-	174,076
Europe	66,360	-	66,360
Africa	71,416	-	71,416
	<b>\$ 3,964,735</b>	<b>181,444</b>	<b>4,146,179</b>
Main Products:			
Product sold-polyester yarn	\$ 1,676,483	-	\$ 1,676,483
Product sold-polyester chip	732,437	-	732,437
Product sold-polyester textured yarn	920,993	-	920,993
Product sold-woven fabric	556,057	-	556,057
Processing income	77,170	-	77,170
Rental income	-	181,444	181,444
Other	1,595	-	1,595
	<b>\$ 3,964,735</b>	<b>181,444</b>	<b>4,146,179</b>

	Year 2020		
	Department of textile	Department of leasing	Total
Main region market:			
Taiwan	\$ 1,471,967	158,578	1,630,545
Asia	786,477	-	786,477
America	148,777	-	148,777
Europe	74,985	-	74,985
Africa	66,431	-	66,431
	<b>\$ 2,548,637</b>	<b>158,578</b>	<b>2,707,215</b>
Main Products			
Product sold-polyester yarn	\$ 1,006,632	-	1,006,632
Product sold-polyester chip	367,706	-	367,706
Product sold-polyester textured yarn	594,361	-	594,361
Product sold-woven fabric	529,568	-	529,568
Processing income	39,042	-	39,042
Rental income	-	158,578	158,578
Other	11,328	-	11,328
	<b>\$ 2,548,637</b>	<b>158,578</b>	<b>2,707,215</b>

(2) Contract balance

	December 31, 2021	December 31, 2020	January 1, 2020
Note and Account receivable (including overdue receivable)	\$ 395,398	509,496	613,409
Less: Impairment loss	(17,730)	(17,730)	(18,108)
Total	<b>\$ 377,668</b>	<b>491,766</b>	<b>595,301</b>
Contract liabilities	<b>\$ 99,975</b>	<b>38,456</b>	<b>7,124</b>



The disclosure of note receivable and account receivable and its impairment loss, please refer to Note 6(4).

The contract liabilities of January 1, 2021 and 2020 is listed as the amount of revenue of opening balance of the year 2021 and 2020 as NT\$38,456 thousand and NT\$7,124 thousand, respectively.

19. Employees' Compensation and directors' remuneration

As stated in the Article of Incorporation, if the company gained in profit, the company shall appropriate no less than 0.5% as the employees' compensation and not more than 2% as the directors' remuneration. If the company has accumulated losses, the profit earned shall be reserved to make up the losses. Recipients entitled to receive shares or cash distributed as employee remunerations include employees of controlled companies and subordinate companies meeting certain requirements. The remuneration to the directors may only in form of cash.

The Company estimated the compensation to employees were NT\$1,157 thousand and NT\$4,758 thousand in 2021 and 2020, respectively, and the remuneration to Directors was NT\$4,303 thousand and NT\$8,204 thousand in 2021 and 2020, respectively. The amount was estimated using the profits before tax and before net of the remuneration in each period to multiply a designated percentage specified in the Articles of Incorporation. The distribution was recorded as operating costs or operating expenses of 2020 and 2019.

The compensation to the employees in 2020 and 2019 were NT\$4,758 thousand and NT\$4,992 thousand, respectively, and the remuneration to the directors were NT\$8,204 thousand and NT\$4,942 thousand, respectively. There is no difference between the actual distribution and the amount stated on the financial statement. For relevant information, please log on to MOPS hosted by TWSE for inquiry.

20. Other income and expenses

The composition of net value of other income and expenses of the consolidated company as follows:

	<u>Year 2021</u>	<u>Year 2020</u>
Loss of disposal investment property	\$ -	(48,642)
Disposal of asset interest held for sale	-	970,540
	<u>\$ -</u>	<u>921,898</u>

21. Non-operating income and expenses

(1) Interest income

The composition of interest income of the consolidated company of the year 2021 and 2020, as follows:

	<u>Year 2021</u>	<u>Year 2020</u>
Interest from bank deposit	\$ 97	108
Interest income from financial asset at amortized cost	355	1,267
Total of interest income	<u>\$ 452</u>	<u>1,375</u>

(2) Other income

The composition of other income of the consolidated company of the year 2021 and 2020, as follows:

	<u>Year 2021</u>	<u>Year 2020</u>
Dividend income	\$ 27,581	56,963
Other	13,577	13,316
Less: Other income belongs to discontinued operations	-	(1,481)
	<u><b>\$ 41,158</b></u>	<u><b>68,798</b></u>

(3) Other gains and losses

The composition of other gains and losses of the consolidated company of the year 2021 and 2020, as follows:

	<u>Year 2021</u>	<u>Year 2020</u>
Gains and losses of disposal property, plant and equipment	\$ 3,566	(5,406)
Gains and losses of currency exchange	(15,833)	(23,332)
Loss from lease termination	(54)	(22)
Net income at fair value through income or loss financial assets	162,489	66,740
Impairment(loss) reversal	-	(45,262)
Income from government grants	-	2,390
Other	-	(32,561)
Add: other loss from discontinued operations	-	2,323
	<u><b>\$ 150,168</b></u>	<u><b>(35,130)</b></u>

(4) Financial Cost

The composition of other financial cost of the consolidated company of the year 2021 and 2020, as follows:

	<u>Year 2021</u>	<u>Year 2020</u>
Interest expense of bank deposit	\$ 124,922	128,229
Interest expense of imputed interest	302	524
	<u><b>\$ 125,224</b></u>	<u><b>128,753</b></u>

22. Financial instruments

(1) Credit risk

i. Credit risk exposure

The maximum credit risk exposure of the Group's financial assets is equal to their carrying amount.

ii. Concentration of credit risk

The consolidated company's account receivable from the customers and securities investment are the main source of credit risk. The customers or the counterpart of the financial instruments failed to perform the obligations of the contract and result in risk of financial impairment.

iii. Credit risk of account receivable

The information on credit risk of note receivable and account receivable, please refer to Note 6 (4).

The related composition of financial assets at amortised (including other receivable), please refer to Note 6(7).

The aforementioned are financial asset at low credit risk and as impairment loss of the 12-month expected credit losses (The description of determine low credit risk of the consolidated company, please refer to Note 4(7)).

(2) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	<u>Carrying value</u>	<u>Contractual cash flow</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 year</u>	<u>2 to 5 year</u>	<u>Over 5 years</u>
<b>December 31, 2021</b>							
Floating interest rate instruments	\$ 9,662,958	10,193,046	1,265,388	367,972	1,525,034	2,823,767	4,210,885
Non-interest-bearing liability	597,000	597,000	500,330	2,936	3,735	76,913	13,086
	<b>\$ 10,259,958</b>	<b>10,790,046</b>	<b>1,765,718</b>	<b>370,908</b>	<b>1,528,769</b>	<b>2,900,680</b>	<b>4,223,971</b>
<b>December 31, 2020</b>							
Floating interest rate instruments	\$ 9,181,214	9,688,893	1,318,643	570,063	1,112,867	2,785,672	3,901,648
Non-interest-bearing liability	547,438	547,438	418,871	4,121	5,854	108,548	10,044
	<b>\$ 9,728,652</b>	<b>10,236,331</b>	<b>1,737,514</b>	<b>574,184</b>	<b>1,118,721</b>	<b>2,894,220</b>	<b>3,911,692</b>

The consolidated company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(3) Currency risk

i. Risk exposure

The consolidated company's financial assets and financial liability exposed to significant. Currency risks were as follows:

	<u>December 31, 2021</u>			<u>December 31, 2020</u>				
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>New Taiwan Dollars</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>New Taiwan Dollars</u>		
<u>Financial Assets</u>								
<u>Monetary assets</u>								
US Dollars	\$	11,406	27.68	315,718	13,509	28.48	384,736	
Japanese Yen	\$100,000	509	0.2428	48 24,000	84,736	-	13,509	28.48

ii. Sensitivity analysis

The consolidated company's exposure to foreign currency risk arose from cash and cash equivalents, account receivables, other receivables, loans and borrowings, accounts payable and other payables that were denominated in foreign currencies. A 1% appreciation or depreciation of the TWD against the USD as of December 31, 2021 and 2020 would have increased or decreased the net income before tax from the years ended December 31, 2021 and 2020 by NT\$3,397 thousand and NT\$3,847 thousand, respectively. The analysis was performed on the same basis for both periods.

iii. Foreign exchange gain and loss on monetary item

The information on foreign exchange gain(loss) on monetary items is disclosed by the consolidated company in summary. For the December 31, 2021 and 2020, foreign exchange losses (including realised and unrealised abortions) amounted to NT\$(15,833) thousand and NT\$(23,323) thousand.

(4) Interest rate risk

Please refer to the note on liquidity risk management for the interest rate exposure of the consolidated company's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets

outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the increment or decrement by 1% when reporting to the management internally, which also represents the management's assessment of the reasonable interest rate change.

If the interest rate had increased or decreased by 1%, the consolidated company's net income before tax would have decreased or increased by NT\$93,110 thousand and NT\$89,220 thousands for the years ended December 31, 2021 and 2020, respectively, with all other variable factors remaining constant. This is mainly due to the consolidated company's borrowing and time deposit at floating rates.

(5) Other price risk

The impact to the comprehensive income and loss if the stock price on reporting date changes (The analysis was performed on the same basis for both periods, and if the other variables remain unchanged), as follow

	Year 2021		Year 2020	
	Amount of comprehensive income or loss after tax	Post-tax profit or loss	Amount of comprehensive income or loss after tax	Post-tax profit or loss
<b>Stock price on reporting date</b>				
Increased by 5%	\$ 28,735	33,877	25,205	33,955
Decreased by 5%	\$ (28,735)	(33,877)	(25,205)	(33,955)

(6) Fair Value and carrying amount

i. Categories and fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the consolidated company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2021				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 677,531	677,531	-	-	677,531
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic market	\$ 3	3	-	-	3
Unquoted equity instruments at fair value measured	574,694	-	-	574,694	574,694
Subtotal	574,694	3	-	574,694	574,697
Total	<u>\$ 1,252,228</u>	<u>677,534</u>	<u>-</u>	<u>574,694</u>	<u>1,252,228</u>

	December 31, 2020				
	Carrying amount	Fair Value			Carrying amount
		Level 1	Carrying amount	Level 1	
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 594,350	594,350	-	-	594,350
Financial assets at fair value through					

profit or loss, mandatorily	<u>88,867</u>	<u>-</u>	<u>88,867</u>	<u>-</u>	<u>88,867</u>
Subtotal	<u>683,217</u>	<u>594,350</u>	<u>88,867</u>	<u>-</u>	<u>683,217</u>
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic market	\$ 3	3	-	-	3
Unquoted equity instruments at fair value	<u>504,094</u>	<u>-</u>	<u>-</u>	<u>504,094</u>	<u>504,094</u>
Subtotal	<u>504,094</u>	<u>3</u>	<u>-</u>	<u>504,094</u>	<u>504,097</u>
Total	<u><b>\$ 1,187,314</b></u>	<u><b>594,353</b></u>	<u><b>88,867</b></u>	<u><b>504,094</b></u>	<u><b>1,187,314</b></u>

- ii. Valuation techniques and assumptions not used in fair value  
The consolidated company estimated the instrument of not used in fair value in the method and the assumptions as follows:
- (i) Financial assets at amortised cost  
If there is an open quotation in the active market, the market price shall be the fair value; if there is no market price for reference, the evaluation method is used to estimate or use the quotation of the counterparties.
- (ii) Financial asset and liabilities at amortised cost  
If there is quotation information of the transaction or market maker, the latest transaction price and quotation data shall be used as the basis for evaluating the fair value. If there is no market value for reference, the evaluation method is adopted. The fair value is estimated based on the discounted value of cash flow.
- iii. Valuation techniques and assumptions used in fair value determination of financial instrument at fair value  
Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.
- If public quotation of financial assets may be obtained from exchange, brokers, underwriters, industry association, pricing service agencies or competent authorities in a timely and frequent manner, and the prices represent actual and frequent fair market transactions, then the financial instrument consider as active market quoted publicly. If the above criteria are not met, the market is regarded as inactive. Generally, significant difference between the buying and selling prices, significant increase in such price difference or the rear transactions are indicators of an inactive market.
- The financial instruments held by the company are classified as follows according to the evaluation sources used to determine the fair value:
- Financial instruments with active markets: Shares of listed company, the fair value based on quoted market prices.
  - Financial instruments with no active markets: The fair value is estimated using the market comparable company method. The main assumption is based on the net value multiplier derived from the market quotation of the comparable listed (counter) company of the investor. This estimate has been adjusted for the discount effect of the lack of market liquidity of the equity securities.
- iv. Transfer between level 1 and level 2  
As of December 31, 2020, the fair value of Yi Hsin textile Co., Ltd.'s stock was classified as Level 2 because it was an Emerging Stock, and on October 25, 2021, the company's stock began to be listed, so its fair value measurement was transferred from Level 2 to Level 1.

v. Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
January 1, 2021	504,094
Total income or loss	
Recognized as other comprehensive income	70,600
December 31, 2021	<b>504,094</b>
January 1, 2020	571,693
Total income or loss	
Recognized as other comprehensive income	114,054
Disposal	(181,653)
December 31, 2020	<b>504,094</b>

Above stated total income or loss is recognised as “unrealised gains or losses at fair value through other comprehensive income financial asset”. The total income or loss related to the assets held by the date of December 31, 2021 and 2020, as follows:

	<b>Year 2021</b>	<b>Year 2020</b>
Total income or loss		
Recognized as other comprehensive income or loss (listed under the “unrealized gains or losses at fair value through other comprehensive income”)	<b>\$ 70,600</b>	<b>87,765</b>

vi. Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The fair value measured at level 3 of the consolidated company are financial assets measured at fair value through profit and loss – equity securities investment and financial assets at fair value through other comprehensive income – equity securities investment.

For fair value measurements categorised within level 3 of the fair value hierarchy quantitative information about significant unobservable inputs used in the fair value measurement, as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets at fair value through other comprehensive income equity investments without an active market	Net asset value method	·Net asset value	N/A
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparative listed company	·Multiplier of price-to-earnings ratio (as of December 31, 2021 and 2020 were 0.67~4.14 and 0.67~2.13 respectively) ·Market illiquidity discount rate (as of December 31, 2021 and 2020 were 25% and 30%, respectively)	·The estimated fair value would increase(decrease) if the multiplier were higher (lower) ·the market illiquidity discount were lower(higher)

- vii. Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The consolidated company's measurement of the fair value of financial instruments is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results.

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	Input	Assumptions	Other comprehensive income	
			Favorable	Unfavorable
<b>December 31, 2021</b>				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Price-to-book multiple	±1%	\$ 5,747	(5,747)
	Liquidity discount	±1%	\$ 7,628	(7,628)
<b>December 31, 2020</b>				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Price-to-book multiple	±1%	\$ 5,041	(5,041)
	Liquidity discount	±1%	\$ 7,201	(7,201)

The favourable and unfavourable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique.

If the fair value of the financial assets impacted by one or more input, the above table just represent the impact changed by single inputs and not consider of the relevant and the variability of inputs.

## 23. Financial risk management

### (1) Overview

The consolidated company is exposed to the following risks arising from financial instruments:

- i. Credit risk
- ii. Liquidity risk
- iii. Market risk

This note discloses information about the consolidated company's exposure to the aforementioned risks, and its goals, policies, and procedures regarding the measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the financial report.

### (2) Risk management framework

The consolidated company's risk management policies are established to identify and analyse the risk faced by the consolidated company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated company's activities. The consolidated company, through its training and management standard and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### (3) Credit risk

Credit risk is the risk of financial loss to the consolidated company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the consolidated company receivables from customers and investment securities.

- i. Trade and other receivables  
As the consolidated company has a large customer base, and does not significantly concentrate on trading with a single customer and the sales area is scattered, there is no concern of significant concentration in the credit risk of account receivable. To reduce the credit risk, the consolidated company regularly and continuously evaluates on the clients' financial status and as in practice the consolidated company has not request collateral from our clients.
  - ii. Investments  
The credit risk exposure in the bank deposits, fixed income investment and other financial instruments is measured and monitored by the consolidated company's finance department. Since those who transact with the consolidated company are banks and other external parties with good credit standing, there are no non-compliance issues, and therefore there is no significant credit risk.
- (4) Liquidity risk  
The consolidated company aims to maintain the level of its cash and cash equivalents for the operating of the consolidated company and reduce the impact of rise and fall of cash flows. The management personnel of the consolidated company monitoring the use of short-term bank facilities and ensure the terms and condition of loan contract is complied.  
The bank funding is one of the main sources of liquidity to the consolidated company. The consolidated company has unused short-term bank facilities of NT\$1,864,601 thousand and NT\$1,384,775 thousand on December 31, 2021 and 2020, respectively.
- (5) Market risk  
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the consolidated company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptance parameters and optimize the return on investment.
- i. Currency risk  
The consolidated company is exposed to currency risk on sales and purchase transactions that are denominated in a currency other than the respective functional currencies of the consolidated company, primarily TWD. The currencies used in these transactions are the TWD and USD.  
With regard to monetary assets and liabilities denominated in a foreign currency, when a short-term risk exposure exists, the consolidated company relies on immediate foreign exchange transactions to ensure the net exposure to foreign exchange risk is maintained at an acceptance level.
  - ii. Interest rate risk  
The consolidated company maintained in a combination of fixed interest rate and floating interest rate and make the interest rate perspective and the existing risk preference in consistency to ensure the hedging strategy for cost efficient.
  - iii. Other market price risk  
The equity price risk of the consolidated company is caused by the investment in listed OTC equity securities. The equity investment is not held for trading, but a strategic investment. The consolidated company is not involved in the investment of aforementioned transaction. The management personnel of the company manage the risk by holding different risk investment combination.

#### 24. Capital management

The consolidated company is to maintain a strong capital base so as to maintain investors compensation and the interest of other stakeholder to maintain the best capital structure to



reduce the funds cost.

To maintain or adjust the structure, the consolidated company may adjust the dividends to the shareholders and return the capital to the shareholders by capital reduction, issuing new shares and selling assets to settle the liability.

The consolidated company is using debt ratio as basis to control the capital. The ratio is calculated by the net liability divided by total capital. The net liability as the liability listed on the balance sheet and less the cash and cash equivalent. Total amount of capital is the composition of all of the equity (capital stock, capital surplus, retained earnings and other equity) add the net liability.

The capital management strategy of 2022 is consistent with that of 2021, that is to maintain the certain debt ratio in order for funding with the reasonable cost.

The debt ratios on December 31, 2021 and 2020 are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total liability	\$ 10,625,619	10,017,616
Less: cash and cash equivalent	<u>499,153</u>	<u>513,740</u>
Net liability	10,126,466	9,537,900
Total amount of equity	<u>7,894,184</u>	<u>7,763,198</u>
Adjusted capital	<u><b>\$ 18,020,650</b></u>	<u><b>17,301,098</b></u>
Debt ratio	<u><b>56.19%</b></u>	<u><b>55.13%</b></u>

## VII. Transactions with related parties

### 1. Name and relationship with the related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements:

<u>Name of the related party</u>	<u>Relationship with the consolidated company</u>
CHAN, CHENG-TIEN	The chairman of the company
CHAN, YI-CHIN	The director of the company
Jin Xian Welfare and Charity Foundation	Same chairman as the company

### 2. Significant transactions with the related parties

#### (1) Disposal of part of the shareholding of a subsidiary

In May 2021, the Consolidated Company sold 1.5% of equity in its subsidiary, Yi Tong Fiber Co., Ltd., to the Chairman and other related parties for a total consideration of \$25,849,000, which was received in full as of December 31, 2021.

#### (2) Others

① The rental income from the Consolidated Company's investment properties leased to other related parties - Jen Ching amounted to \$2,857 thousand in fiscal 2021.

② The consolidated company donates to Jin Xian Welfare and Charity Foundation NT\$4,000 thousand and NT\$1,500 thousand as of Year 2021 and 2020.

### 3. Personnel transaction from key management

	<u>Year 2021</u>	<u>Year 2020</u>
Short-term employee benefits	\$ 30,460	30,831
Post-employment benefits	<u>135</u>	<u>135</u>
	<u><b>\$ 30,595</b></u>	<u><b>30,966</b></u>

### VIII. Assets pledged as collaterals

The composition of the carrying value pledge for endorsement, as follows:

<u>Pledged assets</u>	<u>object</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other financial asset – non-current	Long-term rental	5,707	5,706
Property, plant and equipment	Long-term and short-term rental	2,888,445	2,911,431
Investment property	"	11,008,480	10,279,825
Non-current assets held for sale	"	430,306	-
		<u>\$ 14,332,938</u>	<u>13,196,962</u>

### IX. Major contingent liabilities and unrecognized contractual commitments

#### 1. Significant unrecognized contractual commitments:

- (1) The letter of credit that were issued but not used as of the date of December 31, 2021 and 2020:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
New Taiwan Dollars	<u>\$ 484,150</u>	<u>228,293</u>
US Dollars	<u>\$ 56,959</u>	<u>2,370</u>
Japanese Yen	<u>\$ 31,715</u>	<u>29,425</u>
EUR	<u>\$ 2,096</u>	<u>- 29,425</u>

- (2) As of December 31, 2021 and 2020, the Consolidated Company had received \$25,441,000 and \$29,735,000 in checks for sales and leasing of investment real estate collection guarantees, respectively.
- (3) The amount of contract signed for purchase the investment property and the floor are ratio of the consolidated company were NT\$1,265,359 thousand and NT\$1,419,348 thousand on the date of December 31, 2021 and 2020, respectively, and paid NT\$153,219 thousand and NT\$ 285,415 thousand according to the contract (listed as other noncurrent assets-other).
- (4) The land joint development of the consolidated company with Farglory construction Co., Ltd.( hereinafter referred to as Farglory) is approved by the board of director on the January 29, 2019 and with the expected allocation ratio of 64.00%. The allocated land and housing will be used as headquarter and for lease or sell to increase rental income and increase in capital. The consolidated company received the deposit for joint develop were NT\$66,000 thousand and NT\$99,000 thousand on the date of December 31, 2021 and 2020. In addition, the Consolidated Company had paid \$7,251,000 and \$3,626,000 as of December 31, 2021 and 2020, respectively, to Farglory group for the net amount of \$60,427,000 for the housing replacement under the supplemental agreement for the joint construction of housing.

- (5) The unrecognized commitments of the consolidated company as follows

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Contract signed (before tax)</u>		
Purchase of raw material	<u>\$ 49,950</u>	<u>49,950</u>
Purchase of Equipment	<u>\$ 23,943</u>	<u>-</u>
Non-current assets held for sale	<u>\$ 2,471,817</u>	<u>-</u>
<u>Payment paid or received</u>		
Purchase of raw material(Note1)	<u>\$ 16,969</u>	<u>14,985</u>
Purchase of equipment(Note2)	<u>\$ 15,040</u>	<u>-</u>
Non-current assets held for sale	<u>\$ -</u>	<u>-</u>

Note 1: Recognised as inventories and prepayment account

Note 2: Recognised as property, plant and equipment and other non-current assets.

2. Contingent liabilities

The consolidated company issued the guarantee notes submitted for the purpose of purchasing raw material and loans amounted NT\$1,401,211 thousand and NT\$1,401,211 thousand on the date of December 31, 2021 and 2020, respectively.

**X. Loss due to major disasters: N/A**

**XI. Significant subsequent events: N/A**

**XII. Other**

The employee benefits expenses, depreciation and amortization, categorized by function, were as follows:

By nature	By function	Year 2021			Year 2020			
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Discontinued operation	Total
Employee benefit								
Salary		167,124	69,054	236,178	118,499	58,180	5,441	182,120
Labor and health insurance		14,734	4,452	19,186	14,533	17,819	253	32,605
pension		6,848	2,223	9,071	7,727	2,277	135	9,682
Other		9,915	2,414	12,329	8,678	2,340	154	11,172
Depreciation		1661,626	9,018	170,644	133,001	9,417	480	142,898
Amortization		4,063	47	4,110	570	-	944	1,514

**XIII. Additional disclosure**

1. Information on major transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of the Financial Reports by Securities Issuers” for the consolidated company for the years ended December 31, 2021:

(1) Loans extended to other parties: N/A

(2) Endorsement and guarantees for others: N/A

(3) Securities hold at the end of the period (excluding investing in subsidiaries, affiliated enterprise and joint ventures):

Unit: Thousands of New Taiwan Dollars

Company of shareholding	Nature and name Of security	Relationship With the securities issuers	Account name	End of Period				Remark
				Number of shares	Book Value	Holding Percentage	Market Value	
Yi Jinn Industrial Corp., Limited.	Shares of Cheng Shin Rubber Industry Co., Ltd.	None	Fair value through profit or loss financial assets – current	790,000	28,519	0.02 %	28,519	
"	Shares of Asia Cement Corporation	"	"	3,594,000	159,214	0.04 %	159,214	
"	Shares of Taiwan Cement Corporation	"	"	1,301,000	62,448	0.02 %	62,448	
"	Shares of Hua Nan Financial Holding Co., Ltd.	"	"	225	5	0.01 %	5	
"	Shares of Far Eastern New Century Corporation	"	"	1,500,000	43,950	0.03 %	43,950	
"	Shares of First Financial Holding Co., Ltd.	"	"	360	9	0.01 %	9	
"	Shares of Hongyi Fiber Industry Co., Ltd.	"	"	458,000	11,084	0.35 %	11,084	
"	Shares of Ho Chi Tang Investment Co., Ltd.	"	Fair value through other comprehensive income financial assets - non-current	2,430,530	7,670	14.75 %	7,670	
"	Shares of Kuanz Ho Securities	The company as the legal entity director	"	6,866,506	172,487	15.58 %	172,487	
"	Shares of COCONA.INC.	None	"	3,225,018	64,157	2.79 %	64,157	
"	Shares of YaMai (Hong Kong) Limited	"	"	11,700,000	30,879	10.17 %	30,879	

"	Shares of Nice Plaza Co., Ltd.	The company as the legal entity director	"	15,000,000	170,400	8.68 %	170,400	
Yi Tong Fiber Co., Ltd.	Shares of Cheng Shin Rubber Industry Co., Ltd.	None	Fair value through profit or loss financial assets – current	800,000	28,880	0.02 %	28,880	
"	Shares of Taiwan Cement Corporation	"	"	1,950,000	86,385	0.06%	86,385	
"	Shares of Yi Shin Textile Co., Ltd.	"	"	445,000	20,937	0.66 %	20,937	
"	Shares of Yi Jinn Industrial Corp. Limited.	Ultimate parent entity	Fair value through other comprehensive income financial assets - non-current	57,954,410	1,133,009	19.21 %	1,133,009	
"	Shares of KHH Arena Corporation	None	"	1,000,000	10,250	0.40 %	10,250	
"	Xin Mao Investment Co., Ltd.	Subsidiaries of Parent company	"	-	-	12.15 %	-	Note 1
"	Shares of Taiwan Incubator SME Development Corporation	The company as the legal entity director	"	2,425,280	23,259	3.44 %	23,259	
"	Shares of The First Leasing Corporation	The company as the legal entity director	"	3,072,325	82,191	13.97 %	82,191	
Da Tian International Co., Ltd.	Shares of Yi Shin Textile Co., Ltd.	None	Fair value through profit or loss financial assets – current	1,668,000	78,479	2.78 %	78,479	
Xin Mao Investment Co., Ltd.	Shares of Yi Jinn Industrial Corp., Limited.	Ultimate parent entity	"	20,610,470	402,935	6.80 %	402,935	Note 2
"	Shares of Hung Chou Fiber Industry Co., Ltd.	Subsidiaries of Parent company	"	152,000	1,642	0.12 %	1,642	
"	Shares of Kwang Ming Silk Mill Co., Ltd.	"	"	50,000	1,673	0.12 %	1,673	
"	Shares of Yi Shin Textile Co., Ltd.	"	"	1,784,064	82,246	2.91 %	82,246	
"	Shares of Ho Chi Tang Investment Co., Ltd.	None	Fair value through other comprehensive income financial assets - non-current	150,000	473	0.91 %	473	
"	Shares of Cheering Knitting industrial Co., Ltd.	"	"	25,400	393	0.58 %	393	
"	Shares of I Jinn Industrial Co., Ltd.	"	"	105,000	2,166	0.60 %	2,166	
Kwang Ming Silk Mill Co., Ltd.	Shares of Taiwan Cement Corporation	"	Fair value through profit or loss financial assets – current	1,300,000	57,590	0.04 %	57,590	
"	Shares of Yi Shin Textile Co., Ltd.	"	"	362,000	17,032	0.54 %	17,032	
Hung Chou Fiber Industry Co., Ltd.	Shares of China Man-made Fiber Co., Ltd.	"	Fair value through other comprehensive income financial assets - current	278	3	- %	3	
"	Shares of Taiwan Filament Weaving Development Co., Ltd.	"	Fair value through other comprehensive income financial assets - non-current	2,175,660	10,369	3.57 %	10,369	
Da Yi International Development Co., Ltd.	Shares of Yi Shin Textile Co., Ltd.	"	Fair value through profit or loss financial assets – current	16,000	753	0.02 %	753	

Note 1: Investments transferred to equity method in October 2021

Note 2: Pledged for 13,500,000 shares.

(4) Accumulative amount of buy in or sold out of single securities that exceed Three hundred thousand New Taiwan Dollars or 20% of the total capital received:

Unit: NT\$1,000

Buy/Sell of Company	Type & Name of Marketable Securities	Accounts Category	Trading counterparty	Relationship	Beginning of period		Buy		Sell				End of period	
					No. of shares	Amount	No. of shares	Amount	No. of shares	Selling Price	Carrying Cost	Disposal Profit or loss	No. of shares	Amount
Kwang Ming Silk Mill Co., Ltd.	Stock-Asia Cement Corporation	Financial assets at fair value through profit or loss - current	-	-	700,000	30,240	2,100,000	93,444 (Note)	1,500,000	72,429	66,094	6,335	1,300,000	57,590
"	Stock-Formosa Chemicals and Fibre Corporation	"	-	-	401,000	33,965	550,000	43,450 (Note)	951,000	81,370	77,415	3,956	-	-

"	Stock-Taiwan Cement Ltd.	"			1,100,000	47,520	1,000,000	46,074 (Note)	2,100,000	103,909	93,594	10,115	-	-

Note: The purchase amount includes the valuation adjustments related to financial assets recognized at fair value.

(5) The amount of acquired properties exceeds Three hundred thousand New Taiwan Dollars or 20% of the total capital received:

Unit: Thousands of New Taiwan Dollars

Company of Acquired real estate	Name of property	Date of Occurrence of the fact	Amount of Transactions	Condition of payment	Trading parties	Relationship	If the transaction parties is related parties, the information of previous transfer				Price determination and supporting reference	Purpose of acquired and condition of using	Other matters agreed
							Owners	The relationship with the issuer	The date transferred	Amount			
The Company	Land and building of Gongjian Section, Xizhi District, New Taipei City	July 26, 2018	956,571	239,571 (Note)	Kuo Yang Construction Co., Ltd.	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	
The Company	Land and building of Haotian Section, Xizhi District, New Taipei City	December 30, 2020	462,803	92,570	Farglory Land Development Co., Ltd. And Farglory International Investment Co., Ltd.	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	
Kwang Ming Silk Mill Co., Ltd.	Land and building of Haotian Section, Xizhi District, New Taipei City	February 19, 2021	233,024	233,024 (Note)	Farglory Land Development Co., Ltd. And Farglory International Investment Co., Ltd.	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	
Yi Tong Fiber Co., Ltd.	Land and building of Haotian Section, Xizhi District, New Taipei City	December 24, 2021	669,768	47,173	Farglory Land Development Co., Ltd. And Farglory International Investment Co., Ltd.	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	

Note: The transfer of ownership will be completed in 2021.

(6) The amount of disposal properties exceeds Three hundred thousand New Taiwan Dollars or 20% of the total capital received:

Unit: Thousands of New Taiwan Dollars

Company of disposing property	Name of the assets	Date of occurrence of the fact	Acquired date	Book Value	Amount of Transactions	Condition of Receiving	Income and loss from disposal (Note)	Parties of transaction	relationship	Purpose of disposal	Price determination and supporting evidence	Other matters agreed
Yi Tong Fiber Co., Ltd.	Land and buildings in Hukou Township, Hsinchu County	December 2, 2021	February 28, 2011	430,306	2,471,817	-	(Note)	Shin Zu Shing Co., Ltd.	Third Parties	Revitalizing and use of assets	Appraisal Report	

Note: As of December 31, 2021, the transfer process has not been completed.

(7) The amount of purchase or sell exceed One Hundred Million New Taiwan Dollars or 20% of the capital received:

Unit: Thousands of New Taiwan Dollars

Company of Purchase or Sales	Name of Trading Subject	Relationship	Trading Status				Situation and reasons in difference of trading conditions with normal tradings			Note, Account receivable (payable)		Remark
			Purchase or Sales	Amount	Ratio to the total purchase or sales	Credit Period	Unit Price	Credit Period	Balance	Ratio to the total Note, Account receivable (payable)		
Yi Jinn Industrial Corp., Limited.	Kwang Ming Silk Mill Co., Ltd.	Subsidiary	Purchase	132,516	37.32%	Credit on 30 days	-	-	(8,253)	(5.34)%		
Kwang Ming Silk Mill Co., Ltd.	Yi Jinn Industrial Corp., Limited.	parent company	Sales	(132,516)	14.45%	"	-	-	8,253	6.51%		
Hung Chou Fiber Industry Co., Ltd.	Persons with significant influence on the company	associate(s)	Sales	(465,614)	15.70%	Credit on 15 days	The sales price to the related parties are set by the quotation of the price of the raw material and were not significantly different from those sales to third parties	15 Days	29,062	27.55%		
Kwang Ming Silk Mill Co., Ltd.	Hung Chou Fiber Industry Co., Ltd.	associate(s)	Purchase	465,614	64.26%	"	"	"	(29,062)	(75.43)%		

(8)Account receivable from the related parties exceed One Hundred Million New Taiwan Dollars or 20% of the Capital received: N/A

(9)Financial derivative transactions: N/A

(10)Business relationship and significant intercompany transactions:

NO	Name of company	Name of counter-party	Existing relationship with counter-party	Transaction details			
				Account name	amount	Trasing terms	Percentage of the total consolidated revenue or total assets
1	Kwang Ming Silk Mill Co., Ltd.	Yi Jinn Industrial Corp., Limited.	2	Sale income	132.516	No significant differences	3.20%
1	Kwang Ming Silk Mill Co., Ltd.	Yi Jinn Industrial Corp., Limited.	2	Accounts Receivable	8.253	No significant differences	0.04%
2	Hung Chou Fiber Industry Co., Ltd	Kwang Ming Silk Mill Co., Ltd.	3	Sale income	465.614	No significant differences	11.23%
2	Hung Chou Fiber Industry Co., Ltd	Kwang Ming Silk Mill Co., Ltd.	3	Note receivable	29.062	No significant differences	0.16%

Note 1: the number indication as follows:

1. 0 as Parent Company.
2. Subsidiaries is in order from figure 1 according to the company

Note 2 the existing relationship with counterparty as follows:

1. Parent to subsidiaries
2. Subsidiaries to parent
3. Subsidiaries to Subsidiaries

## 2.Information on reinvesting enterprise:

The company's reinvestment business information for 2021 is as follows (excluding mainland investee companies):

Unit: Thousands of New Taiwan Dollars

Investing company Name	Investee company Name	Location	Main operating business	Initial investing amount		Holdings at the end of period			Investee company Current Profit and loss	Listed of the Period Investment Profit and Loss	Remark
				End of Period	End of last year	Shares	Rate	Book Value			
Yi Jinn Industrial Corp., Limited.	Yi Tong Fiber Co., Ltd.	Taiwan	Real Estate Rental or trading	462,840	449,762	41,442,559	46.81%	444,907	118,522	28,109	Subsidiaries
Yi Jinn Industrial Corp., Limited.	Xin Mao Investment Co., Ltd.	Taiwan	Investment	298,091	298,091	5,959,886	35.33%	5,893	120,660	15,492	"
Yi Jinn Industrial Corp., Limited.	Kwang Ming Silk Mill Co., Ltd.	Taiwan	Cotton filament, artificial fibre and others manufacturing, processing and trading business	474,758	474,758	15,586,193	38.53%	671,541	82,605	36,170	"
Yi Jinn Industrial Corp., Limited.	Hung Chou Fiber Industry Co., Ltd	Taiwan	Synthetic fibres, plastic filament manufacturing, processing and trading business	249,778	249,778	36,601,000	27.70%	493,897	106,311	28,854	"
Yi Jinn Industrial Corp., Limited.	Da Tian International Co., Ltd.	Taiwan	Housing and Building Development	100,000	100,000	10,000,000	33.33%	115,388	40,462	13,488	"
Yi Jinn Industrial Corp., Limited.	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	612,500	612,500	61,250,000	61.25%	503,627	(19,240)	(10,547)	"
Yi Tong Fiber Co., Ltd.	Kwang Ming Silk Mill Co., Ltd.	Taiwan	Cotton filament, artificial fibre and others manufacturing, processing and trading business	98,507	98,507	3,246,900	8.03%	141,570	82,605		Exempted from disclosure
Yi Tong Fiber Co., Ltd.	Hung Chou Fiber Industry Co., Ltd	Taiwan	Synthetic fibres, plastic filament manufacturing, processing and trading business.	65,000	65,000	10,000,000	7.57%	183,513	106,311		"
Yi Tong Fiber Co., Ltd.	Chu Sing Industrial CO., Ltd.	Taiwan	All sorts of man-made, natural fibre manufacturing, processing and trading business	22,185	22,185	269,285	31.09%	26,595	104		associate(s)
Yi Tong Fiber Co., Ltd.	Da Tian International Co., Ltd.	Taiwan	Housing and Building Development	75,000	75,000	7,500,000	25.00%	86,548	40,462		Subsidiaries
Yi Tong Fiber Co., Ltd.	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	10,000	10,000	1,000,000	1.00%	9,439	(19,240)		"
Yi Tong Fiber Co., Ltd.	Xin Mao Investment Co., Ltd.	Taiwan	Investment	20,500	20,500	2,050,000	12.15%	50,884	120,660		"
Kwang Ming Silk Mill Co., Ltd.	Hung Chou Fiber Industry Co., Ltd	Taiwan	Synthetic fibres, plastic filament manufacturing, processing and trading business.	45,500	45,500	7,000,000	5.30%	128,484	106,311		"
Kwang Ming Silk Mill Co., Ltd.	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	100,625	100,625	10,062,500	10.06%	82,935	(19,240)		"
Hung Chou Fiber Industry Co., Ltd	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	61,875	61,875	6,187,500	6.19%	50,998	(19,240)		"
Da Tian International Co., Ltd.	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	40,000	40,000	4,000,000	4.00%	32,968	(19,240)		"

Note: the subsidiaries part is write-off by the time of preparing consolidate statement.

3.Information on investment in Mainland China: N/A

4.Information on major shareholders:

<b>Name of major shareholders</b>	<b>Shares</b>	<b>Shareholding</b>	<b>Ratio of shareholding</b>
Yi Tong Fiber Co., Ltd.		57,954,410	19.21%
CHAN, CHENG-TIEN		24,010,494	7.95%
Xin Mao Investment Co., Ltd.		20,610,470	6.83%
Yi Jinn Industrial Co., Ltd.		16,669,717	5.52%

#### **XIV. Segment information**

##### **1. General Information**

The consolidated company has three segments that shall be disclosed: textile segment, leasing segment and general segments. The textile segment is engaged in the processing and trading of artificial and natural fibre and textile products. Leasing segment is engaged in real estate sales and leasing business. The general segments are engaged in the import and export business of textile products and investment in various securities and real estate development.

The segments of the consolidated company segments that shall be disclosed were the strategic business units providing products and services. Because each strategic business unit needs different technology and marketing strategy, it must be managed separately. Most of the operating units are acquired individually and the management teams were retained by the time of acquisition.

##### **2. The information on the income and loss, assets and liabilities of the reported segments and its measurement and adjustment**

The consolidated company takes the income and loss, checked and reviewed by the main operating decision maker with internal management report, as the basis of management sources allocation and assessing performance. The income tax, the recurring income and loss and exchange income and loss were managed in the basis of the Group, therefore the consolidated company not allocating income tax expense (income), and nonrecurring income and loss and exchange income and loss to the reported segment. In addition, not all of the income and loss of disclosed segments include non-cash items, except depreciation and amortised. The amount of the report and the report for operating decision maker is consistent.

The consolidated company assumed the purchase, sale and transfer between the segments as the third parties' transaction and measured in current market price.

Operating Segments Information and Adjustment, as follows

	Year 2021				
	Segment of textile	Segment of leasing	Segment of general	Adjustment and elimination	Total
Income:					
Income From outside customers	\$ 3,964,735	181,444	-	-	4,146,179
Income within the segment	605,375	27,624	-	(632,999)	-
Interest income	417	35	-	-	452
<b>Total income</b>	<b>\$ 4,570,527</b>	<b>209,103</b>	<b>-</b>	<b>(632,999)</b>	<b>4,46,631</b>
Interest expense	\$ 76,859	50,543	981	(3,159)	125,224
Depreciation and amortization	140,152	31,561	-	3,041	174,754
The amount of affiliated enterprise and joint venture under the equity method	112,700	25,298	-	(137,894)	104
<b>Income and loss of reported segment</b>	<b>\$ 351,710</b>	<b>123,951</b>	<b>204,815</b>	<b>(283,791)</b>	<b>396,685</b>

Assets:					
Investment under equity method	\$ 2,497,670	531,517	-	(3,002,592)	26,595
Capital expense of non-current assets	43,917	1,089,847	-	-	1,133,764
<b>Assets of reported segment</b>	<b>\$ 14,195,930</b>	<b>6,781,115</b>	<b>502,254</b>	<b>(2,959,496)</b>	<b>18,519,803</b>
<b>Liabilities of reported segment</b>	<b>\$ 7,217,240</b>	<b>3,527,256</b>	<b>83,559</b>	<b>(202,436)</b>	<b>10,625,619</b>

	Year 2020				
	Segment of textile	Segment of leasing	Segment of general	Adjustment and elimination	Total
Income:					
Income From outside customers	\$ 2,458,637	158,578	-	-	2,707,215
Income within the segment	328,200	27,625	-	(355,825)	-
Interest income	1,354	60	-	(39)	1,375
<b>Total income</b>	<b>\$ 2,878,191</b>	<b>186,263</b>	<b>-</b>	<b>355,864</b>	<b>2,708,590</b>
Interest expense	\$ 75,473	55,814	1,029	(3,563)	128,753
Depreciation and amortization	112,494	33,342	-	(1,424)	144,412
The amount of affiliated enterprise and joint venture under the equity method	(138,129)	(20,340)	-	157,135	(1,334)
<b>Income and loss of reported segment</b>	<b>\$ 597,088</b>	<b>24,910</b>	<b>82,910</b>	<b>105,379</b>	<b>810,287</b>
Assets:					
Investment under equity method	\$ 2,410,605	463,074	-	(2,847,188)	26,491
Capital expense of non-current assets	67,232	1,916,287	4,985	-	1,988,504
<b>Assets of reported segment</b>	<b>\$ 13,349,570</b>	<b>6,692,439</b>	<b>407,618</b>	<b>(2,668,813)</b>	<b>17,780,814</b>
<b>Liabilities of reported segment</b>	<b>\$ 6,451,717</b>	<b>3,722,643</b>	<b>85,332</b>	<b>(242,076)</b>	<b>10,017,616</b>

3. Information on regions: Refer to Note 6 (18).

4. Information on major customers

The composition of customers that exceed 10% of the amount of operating income of the consolidated company in 2021 and 2020 is as follows:

	Year 2021	Year 2020
Client A	\$ 412,012	-
Client B	381,616	270,362
	<b>\$ 793,628</b>	<b>270,362</b>



## Independent Auditors' Report

To the board of directors  
Yi Jinn Industrial Corp., Limited.

### Opinion

We have audited the accompanying parent company only financial statements of Yi Jinn Industrial Co., Ltd., (the “company”) which comprise the parent company only balance sheet as of December 31, 2021 and 2020, and parent company only statements of comprehensive income, changes in equity and cash flows for the years ends December 31, 2021 and 2020, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements represents fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2021 and 2020, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards(IFRSs), International Accounting Standards(IASs), IFRIC Interpretations (IFRIC), and SIC Interpretations(SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the company's parent company only financial statements for the year ended December 31, 2021 are stated as follows:

#### 1. Revenue recognition

Please refer to Note 4 (14) “revenue recognition” and for more details please refer to Note 6 (18) “revenue from contracts with customers” of the parent company only financial statement.

Description of the key audit matters:

The revenue from processing silk and plain weave fabric products is the main source of operating revenue of Yi Jinn Industrial Co., Ltd., and the risk is in the authenticity of revenue recognition. Because the operating revenue is highly affected by the economic fluctuations, the test of revenue recognition is determined as one of the key audit items for the accountant to audit the financial reports of Yi Jinn Industrial Co., Ltd.

According to the auditing procedure:

Our audit procedures for the above critical review items included understanding the controls over the sales and receipts cycle and reconciling the sales system information with the general ledger; we tested the sales transactions for the period before and after the end of the year, reviewed the evidence of transfer of control of the goods to the buyer, and verified the correctness of the

revenue recognition period in order to assess whether the revenue recognition policy of Yi Jinn Industrial Co., Ltd., was in accordance with the relevant standards.

### **Responsibilities of Management and those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (Audit Committee) are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the parent company only financial statements**

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material disclosure in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the relevant notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities for business activities within the company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit, and

forming our audit opinions of the Company.

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 affect our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2021 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 reasonable be expected to outweigh the public interest benefits of such communication.

KPMG

Auditors: CHANG, SHU-YING  
CHIH, SHIH-CHIN

The reference No.Taiwan-Financial-Securities-  
number of the VI-0940100754  
FSC approval No.Financial-Supervisory-  
Letter: Securities-auditing- 1020000737

March 23, 2022

**Yi Jinn Industrial Co., Ltd.**  
**Parent Company Only Balance Sheet**  
**December 31, 2021 and 2020**

**In Thousands of New Taiwan Dollars**

<b>Assets</b>		<b>December 31, 2021</b>		<b>December 31, 2020</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current Assets :</b>					
1100	Cash and cash equivalent (Note 6 (1))	\$ 130,547	2	145,998	2
1110	Financial assets at fair value through profit or loss - current(Note 6 (2))	305,229	4	401,766	5
1150	Notes receivable, net (Note 6 (4) and (18))	4,085	-	4,479	-
1170	Accounts receivables, net (Note 6 (4) and (18))	150,466	2	282,458	4
1200	Other receivables (Note 6 (5) and 7)	4,162	-	5,858	-
1310	Inventories – manufacturing (Note 6 (6))	89,976	1	49,257	1
1410	Prepayments	627	-	3,950	-
1476	Other financial assets – current	3,093	-	14,646	-
1470	Other current assets	32,895	-	15,229	-
<b>Total current assets</b>		<b>721,080</b>	<b>9</b>	<b>923,641</b>	<b>12</b>
<b>Non-current assets :</b>					
1551	Investments accounted for using equity method (Note 6 (8))	2,235,253	26	2149,321	27
1517	Financial assets at fair value through other comprehensive income – non-current (Note 6 (3))	445,593	5	421,194	5
1600	Property, plant and equipment (Note 6 (9))	39,112	-	40,564	-
1760	Investment property, net (Note 6 (10) and 8)	5,086,944	59	4,145,826	52
1840	Deferred tax assets (Note 6 (15))	28,469	-	28,469	-
1980	Other financial assets – non-current	484	-	484	-
1990	Other non-current assets – other (Note 6(11) and 9)	92,693	1	285,540	4
<b>Total non-current assets</b>		<b>7,928,548</b>	<b>91</b>	<b>7,071,398</b>	<b>88</b>
<b>Total</b>		<b>\$ 8,649,628</b>	<b>100</b>	<b>7,995,039</b>	<b>100</b>

**Yi Jinn Industrial Co., Ltd.**  
**Parent Company Only Balance Sheet**  
**December 31, 2021 and 2020**

**In Thousands of New Taiwan Dollars**

		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Liabilities and equity					
<b>Current liabilities</b>					
2100	Short-term loans (Note 6 (12))	\$ 708,000	8	440,000	6
2130	Contract liability – current (Note 6 (18))	3,221	-	2,553	-
2150	Notes payable	35,087	-	39,469	-
2171	Accounts payable (Note 7)	33,315	-	88,485	1
2200	Other payable (Note 6 (19))	24,240	-	24,601	-
2230	Tax liabilities of the period (Note 6 (15))	10,193	-	-	-
2322	Long-term borrowings-current portion (Note 6 (13))	44,383	1	206,738	3
2399	Other current liabilities – other	693	-	1,581	-
<b>Total current liabilities</b>		859,132	9	803,427	10
<b>Non-current liabilities</b>					
2540	Long-term loans (Note 6 (13))	3,158,039	37	2,515,422	31
2645	Guarantee deposits (Note 9)	47,647	1	59,886	1
<b>Total non-current liabilities</b>		3,205,686	38	2,575,308	32
<b>Total liabilities</b>		4,064,818	47	3,378,735	42
<b>Equity (Note 6 (16))</b>					
3110	Common Stock	3,016,476	35	3,016,476	38
3200	Capital Reserve	500,655	6	458,206	6
3300	Retained Earnings	1,300,929	15	1,401,974	17
3490	Other interest	110,953	1	65,111	1
3500	Treasury Stock	(344,203)	(4)	(325,463)	(4)
<b>Total equity</b>		4,584,810	53	4,616,304	58
<b>Total liabilities and equity</b>		<b>\$ 8,649,628</b>	<b>100</b>	<b>7,995,039</b>	<b>100</b>

**Yi Jinn Industrial Co., Ltd.**  
**Statement of comprehensive income**  
**For the years ended December 31, 2021 and 2020**

In Thousands of New Taiwan Dollars

	Year 2021		Year 2020	
	Amount	%	Amount	%
4110 <b>Operating revenue (Note 6 (14) (18) and 7)</b>	\$ 771,501	101	815,566	101
4170 Less: Sales returns	17	-	56	-
4190 Sales allowance	7,560	1	7,918	1
<b>Net Operating Revenue</b>	<b>763,924</b>	<b>100</b>	<b>807,592</b>	<b>100</b>
5110 <b>Cost of goods sold (Note 6 (6) and 7)</b>	<b>592,314</b>	<b>78</b>	<b>617,973</b>	<b>77</b>
<b>Gross Profit</b>	<b>171,610</b>	<b>22</b>	<b>198,619</b>	<b>23</b>
<b>Operating Expenses (Note 6 (19) and 7):</b>				
6100 Selling expenses	44,525	6	40,124	5
6200 Administrative expenses	39,875	5	55,178	7
<b>Net operating expenses</b>	<b>84,400</b>	<b>11</b>	<b>95,302</b>	<b>12</b>
<b>Other income and expenses:</b>				
6510 Non-current assets held for sale (Note 6 (7) (20))	-	-	973,130	120
<b>Net other income and expenses</b>	<b>-</b>	<b>-</b>	<b>973,130</b>	<b>120</b>
<b>Net operating profit</b>	<b>87,210</b>	<b>11</b>	<b>1,067,447</b>	<b>131</b>
<b>Non-operating income and expenses (Note 6 (10) (21)):</b>				
7010 Other income	19,371	2	7,371	1
7020 Other gains and losses	38,415	5	(31,021)	(4)
7050 Financial costs	(45,466)	(6)	(43,299)	(5)
7070 Share of profit or loss of associates and joint ventures accounted for using equity method	111,566	15	(117,433)	(15)
<b>Total non-operating revenue and expenses</b>	<b>123,586</b>	<b>16</b>	<b>(184,382)</b>	<b>(23)</b>
<b>Profit before tax from continuing operations</b>	<b>210,796</b>	<b>27</b>	<b>883,065</b>	<b>108</b>
7950 <b>Less: income tax expense (Note 6 (15))</b>	<b>10,193</b>	<b>1</b>	<b>163,173</b>	<b>20</b>
8000 <b>Income from continuing operation</b>	<b>200,603</b>	<b>26</b>	<b>719,892</b>	<b>88</b>
<b>Income(loss) from discontinued operation:</b>				
8100 Loss from discontinued operation (Note 6 (4) (6) (7))	-	-	(75,635)	(9)
8200 <b>Net income</b>	<b>200,603</b>	<b>26</b>	<b>644,257</b>	<b>79</b>
8300 <b>Other comprehensive income:</b>				
8310 Components of other comprehensive income that will not be reclassified to profit or loss (Note 6 (16))				
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	24,399	3	91,053	11
8330 Share of profit or loss of associates and joint ventures accounted for using equity method — components of other comprehensive income that will not be reclassified to profit or loss.	21,443	3	10,723	1
8349 Less: income tax related to components of other comprehensive income that will not be classified to profit or loss	-	-	-	-
8300 <b>Other comprehensive income</b>	<b>45,842</b>	<b>6</b>	<b>101,776</b>	<b>12</b>
<b>Total comprehensive income</b>	<b>\$ 246,445</b>	<b>32</b>	<b>746,033</b>	<b>91</b>
<b>Basic earnings per share (in dollar) (Note 6 (7) (17))</b>				
From continuing operations	\$	0.90		3.23
From discontinued operations	-			(0.34)
	<b>\$</b>	<b>0.90</b>		<b>2.89</b>
<b>Diluted earnings per share (in dollar)</b>				
From continuing operations	\$	0.90		3.22
From discontinued operations	-			(0.34)
	<b>\$</b>	<b>0.90</b>		<b>2.88</b>

**Yi Jinn Industrial Co., Ltd.**  
**Statement of changes in equity**  
**For the years ended December 31, 2021 and 2020**

	<b>In Thousands of New Taiwan Dollard</b>								
	Common Stock	Capital Surplus	Retained Earnings				Other equity items	Treasury Stock	Total Equity
			Legal Reserve	Special Reserve	Undistributed retained earnings	Total	Unrealized gain or losses on FVTOCI financial assets		
<b>Balance at January 1 2020</b>	\$ 3,016,476	419,079	189,279	-	854,360	1,043,639	(20,939)	(324,680)	4,133,575
Net income for the year	-	-	-	-	644,257	644,257	-	-	644,257
Other comprehensive income	-	-	-	-	-	-	101,776	-	101,776
<b>Total comprehensive income</b>	-	-	-	-	644,257	644,257	101,776	-	746,033
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	23,030	-	(23,030)	-	-	-	-
Special reserve	-	-	-	20,939	(20,939)	-	-	-	-
Cash dividends of preferred stock	-	-	-	-	(301,648)	(301,648)	-	-	(301,648)
Subsidiary purchase parent's shares as treasury stock	-	-	-	-	-	-	-	(783)	(783)
Dividends to subsidiary in adjusting capital surplus	-	37,779	-	-	-	-	-	-	37,779
Difference between consideration and carrying amount of Subsidiaries acquired or disposed	-	5,871	-	-	-	-	-	-	5,871
Changes in ownership interests in Subsidiaries	-	(4,523)	-	-	-	-	-	-	(4,523)
Investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	15,726	15,726	(15,726)	-	-
<b>Balance at December 31 2020</b>	3,016,476	458,206	212,309	20,939	1,168,726	1,401,974	65,111	(325,463)	4,616,304
Net income for the year	-	-	-	-	200,603	200,603	-	-	200,603
Other comprehensive income	-	-	-	-	-	-	45,842	-	45,842
<b>Total comprehensive income</b>	-	-	-	-	200,603	200,603	45,842	-	246,445
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	65,999	-	(65,999)	-	-	-	-
Cash dividends of preferred stock	-	-	-	-	(301,648)	(301,648)	-	-	(301,648)
Special surplus reserve reversal	-	-	-	(20,939)	20,939	-	-	-	-
Subsidiary purchase parent's shares as treasury stock	-	-	-	-	-	-	-	(850)	(850)
Dividends to subsidiary in adjusting capital surplus	-	36,426	-	-	-	-	-	-	36,426
Difference between consideration and carrying amount of Subsidiaries acquired or disposed	-	5,368	-	-	-	-	-	7,079	12,447
Changes in ownership interests in Subsidiaries	-	655	-	-	-	-	-	(24,969)	(24,314)
<b>Balance at December 31, 2021</b>	<b>\$ 3,016,476</b>	<b>500,655</b>	<b>278,308</b>	<b>-</b>	<b>1,022,621</b>	<b>1,300,929</b>	<b>110,953</b>	<b>(344,203)</b>	<b>4,584,810</b>

**Yi Jinn Industrial Co., Ltd.**  
**Statements of cash flows**  
**For the years ended December 31, 2021 and 2020**  
**In Thousands of New Taiwan Dollars**

	Year 2021	Year 2020
<b>Cash flow from operating activities:</b>		
<b>Income from continuing operation before income tax</b>	\$ 210,796	883,065
<b>Loss from discontinued operation</b>	-	(75,635)
<b>Net income before income tax</b>	<u>210,796</u>	<u>807,430</u>
<b>Adjustment for:</b>		
<b>Income and expense</b>		
Depreciation expense	28,037	16,014
Amortization expense	-	944
Expected credit impairment (reversal gains) losses	-	(378)
Valuation gain on financial investments	(49,969)	(46,441)
Interest expense	45,766	43,299
Interest income	(36)	(23)
Dividend income	(17,013)	(5,181)
Share of profit(loss) of associates and joint ventures accounted for using equity method	(111,566)	117,433
Loss on disposal of property, plant and equipment	122	5,893
Disposal of non-current interests held for sale	-	(973,130)
Impairment loss on non-financial assets	-	45,262
Total adjustments to reconcile profit (loss)	<u>(104,749)</u>	<u>(796,308)</u>
<b>Changes in operating assets and liabilities</b>		
<b>Changes in operating assets:</b>		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	146,506	(300,543)
Notes receivable	394	25,763
Accounts receivable	131,992	50,477
Another receivable	1,696	(4,732)
Current inventories	(40,719)	203,413
Prepayments	3,323	(1,726)
Other current assets	(17,666)	(14,742)
Other financial assets	11,553	(13,330)
Total changes in operating assets	<u>237,079</u>	<u>(55,420)</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	668	2,376
Notes payable	(4,382)	3,279
Accounts payable	(55,170)	35,025
Other payable	(1,410)	(43,285)
Other current liabilities	(888)	(2,998)
Total changes in operating liabilities	<u>(61,182)</u>	<u>(5,603)</u>
Total changes in operating assets and liabilities	<u>175,897</u>	<u>(61,023)</u>
Total adjustment	<u>71,148</u>	<u>(857,331)</u>
Net cash generated (used) by operating activities	281,944	(49,901)
Interest received	36	23
Interest paid	(44,717)	(44,069)
Income taxes paid	-	(165,503)
<b>Net cash generated (used) by operating activities</b>	<u>237,263</u>	<u>(259,450)</u>



**Yi Jinn Industrial Co., Ltd.**

**Statements of cash flows**

**For the years ended December 31, 2021 and 2020**

**In Thousands of New Taiwan Dollars**

	<b>Year 2021</b>	<b>Year 2020</b>
<b>Cash flows from investing activities :</b>		
Acquisition of investments accounted for using equity method	(13,078)	(122,500)
Disposal of non-current assets	-	3,019,806
Acquisition of property, plant and equipment	-	(34,515)
Proceeds from disposal of property, plant and equipment	170	11,951
Acquisition of investment property	(11,091)	(1,433,230)
Increase in other financial assets	-	3,369
Increase(decrease) in other non-current assets	(764,057)	(50,785)
Dividends received	100,967	62,699
<b>Net cash (outflow) inflow from investing activities</b>	(687,089)	1,456,795
<b>Cash flows from financing activities:</b>		
Increase(decrease) in short-term loans	268,000	(942,309)
Proceeds for long-term debt	737,000	1,336,110
Repayments of long-term debt	(256,738)	(1,362,075)
Deposit (decrease) increase	(12,239)	26,079
Cash dividends paid	(301,648)	(301,648)
<b>Net cash inflow (outflow) from financing activities</b>	434,375	(1,243,843)
Net increase in cash and cash equivalents	(15,451)	(46,498)
Cash and cash equivalents, beginning of period	145,998	192,496
Cash and cash equivalents, end of period	<b>\$ 130,547</b>	<b>145,998</b>

**Yi Jinn Industrial Corp., Ltd**  
**Notes to Parent Company Only Financial Statements**  
**For the years ended December 31, 2021 and 2020**  
**(Amount in Thousands of New Taiwan Dollars, unless specified otherwise)**

**i. Company history**

Yi Jinn Industrial Corp., Ltd (The “Company”) has been officially listed in the Taiwan Stock Exchange on October 20, 1994. The registered address of the company is 7<sup>th</sup> Floor, No.607, Ruiguang Rd., Neihu Dist., Taipei City. The main scope of business is as follows:

1. Manufacturing, processing and trading business of all kinds of artificial and natural fibre and its false twist.
2. Manufacturing, processing and trading business of all kinds of bulk continuous filament, nylon stretch yarn, tetoron of synthetic fibre, fabrics of male or female ready-to-wear and its dyeing and finishing.
3. Import and export trading business of raw materials, materials and final products of items mentioned in two preceding paragraphs.
4. Commissioning construction enterprises to build public housing and commercial buildings for lease and sale.
5. Commissioning construction enterprises to develop industrial areas approved by industrial supervisory authority.
6. Real estate trading and leasing business.

**ii. Date and procedures of authorization of financial statements for issuance**

The accompanying parent company only financial statements were approved and authorized for issue by the board of directors on March 23, 2022.

**iii. Newly issued or revised standards and interpretations**

1. Impact of newly issued and amended standards and interpretations approved by the Financial Supervisory Commission (FSC).

The Company started to apply the following amendments to the IFRSs from January 1, 2021 which did not have a significant effect on the Company’s parent company only financial reports.

- Amendments to IFRS 4, "Temporary Exemption from the Extension of IFRS 9".
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, "Changes in Interest Rate Indicators - Phase II".

The Company applies the following new amendments to IFRSs effective April 1, 2021, which have no significant impact on individual financial statements.

- Amendments to IFRS 16, "Rent Reductions Related to COVID-19 after June 30, 2021"
2. The impact of not adopting the international financial reporting standards endorsed by the FSC  
The Company evaluates that the following amendments to IFRS standards, effective from January 1, 2021, will not have a significant impact on the parent company only financial reporting.
    - Amendments to IAS 16, "Property, Plant and Equipment - Price before reaching Intended Use".
    - Amendments to IAS 37, "Loss-making Contracts - Costs of Fulfillment of Contracts"
    - Annual Improvements to IFRSs for the 2018 2020 Cycle
    - Amendments to IFRS 3, "References to Conceptual Framework".
  3. New and amended standards and interpretations not yet endorsed by the FSC.

The IFRSs issued and amended by IASB but not yet endorsed by the FSC, which may be related to the company, as follows:

<u>Newly issued or Amended Standards</u>	<u>Main Amended Content</u>	<u>Effective Date Issued by IASB</u>
Amendment to IAS 1, "Classification of Liabilities as Current or Non-current"	The amendment is to improve the consistency of the standards, to assist the enterprise to determine the debts of uncertain settlement day or other liabilities of the balance sheet to fall under current (may be due within one year) or non-current. The amendment also stated that the enterprise may transfer liability to equity in classification.	January 1, 2023

The company is still evaluating the effect on the company's financial status and operating result by the abovementioned standards and interpretation, and will further disclose related effects when the evaluation is completed.

The Company expected that other newly issued and amended standards not yet endorsed and issued into effect by the FSC did not result in significant impact on Individual financial statements.

#### **iv. Summary of significant accounting policies**

The summary of significant accounting policies are as follows; the following accounting policy is applied in this parent only financial statement.

##### **1. Statement of Compliance**

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### **2. Basis of Preparation**

###### **(1) Basis of Measurement**

The accompanying parent company only financial statements have been prepared on the historical cost basis except the following significant items of the balance sheet:

- i. Financial assets measured at fair value through profit and loss; and
- ii. Financial assets measured at fair value through other comprehensive profit and loss.

###### **(2) Functional Currency and presentation currency**

The functional currency is the currency for the economic environment in which the company operates. The parent company only financial statement is in our functional currency and presented in New Taiwan Dollars. All of the information provided in this financial statement is presented in Thousands of New Taiwan Dollars.

##### **3. Foreign Currencies**

###### **Transactions in Foreign Currencies**

Foreign currency transactions are translated into functional currencies at the exchange rate on the transaction date. At the end of each reporting period (hereinafter referred to as the "reporting date), monetary items denominated in foreign currencies are retranslated into the functional currency at the rates prevailing at that date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated into the functional currency at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in foreign currencies are translated at the rates of exchange prevailing at the dates of the transactions.

Exchange differences arising from foreign currency exchange, if any, are recognized in profit or loss, except for the following circumstances recognized as other comprehensive income:

- (1) Designated equity instrument at fair value through other comprehensive income.
- (2) Designated as net investment of the operation in overseas and effective hedging in financial liability; or

(3) Qualified effective hedging in cash flow.

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

Assets meeting one of the following criteria are classified as current assets, and all other assets not classified to the current assets are classified as non-current assets:

- (1) Assets expected to be converted to cash or intended to be sold or consumed in its normal business cycle;
- (2) Assets held for trading purpose;
- (3) Assets expected to be converted to cash within one year from the end of the reporting date; or
- (4) Assets as cash or cash equivalent, but the assets with other restrictions (used for exchange or to settle liabilities at least 12 months after the reporting period) shall be excluded.

Liabilities meeting one of the following criteria as current liabilities, and all other liabilities not classified to the current liabilities are classified as non-current liabilities:

- (1) Liabilities expected to be settled within one normal operating period;
- (2) Liabilities held for trading purposes;
- (3) Liabilities expected to be settled within one year from the end of the reporting date; or
- (4) Liabilities that have not the right to defer the due date to the 12 months after the reporting date, unconditionally. The condition of liabilities may be settled by the issuing of equity instrument at the choice of the counter party of the transaction, which will not affect the classification.

5. Cash and Cash Equivalent

Cash includes cash in hand and cash deposit. Cash Equivalent refers to short-term and highly liquid investments that are readily convertible to fixed amounts of cash and with low risk of value change. Time deposits that meet the above definition and are held for the purpose of meeting short-term cash commitments rather than investment or other purposes are recognized in cash equivalents.

6. Financial Instruments

Account receivable and the bond issued are recognized when it happens. All of the other financial assets are recognized when the Company becomes one of the parties to a financial instrument contract. Financial assets that are not measured at the fair value (except the account receivable as part of the significant financial composition) or original financial liabilities are measured at the fair value plus the transaction cost attributable to their acquisition or issuance. Account receivable not as part of the significant financial composition shall be measured by the price of transaction.

(1) Financial Assets

The financial assets purchased or sold in regular ways are recognized and derecognized on a trade date or settlement date basis for which financial assets were classified in the same way, respectively.

The originated financial assets are classified into: financial assets measured at amortised cost, investment in equity instruments measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss. The Company reclassified the affected financial assets from the first day of next reporting date only when the Company change its management mode of managing financial assets.

i. Financial assets at amortised cost

The financial assets that fall under the following criteria and not designated to be measured at fair value are measured at amortised cost:

- Financial assets are held under the management mode for the purpose of receiving cash flow from the contract.

- Cash flow on the certain date under the contract of financial assets is solely for paying the principal and the interest of principal outstanding.

These assets are subsequently measured at amortised cost calculated by the original recognized amount plus or minus the accumulated amortisation calculated by the effective interest method, and after adjusting any impairment loss. Interest income, foreign exchange gains and losses and impairment losses are recognised as profit and loss. At derecognition, the profit or loss shall be recognized in profit and loss.

ii. Financial assets measured at fair value through other comprehensive income

On initial recognition, the Company may irrevocably select to recognize the subsequent changes in fair value of equity instrument investment not held for trading in other comprehensive profits and losses. The above selection is based on the item by item basis.

Investments in equity instruments are subsequently measured at fair value. Dividends on these investments in equity instruments at fair value through other comprehensive income are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment. Other net income or loss are recognized as other comprehensive income and not reclassified as profit and loss.

Dividend income of the equity investment is recognised on the date the Company has the right to obtain the dividends (usually the ex-dividend date).

iii. Financial assets at fair value through profit or loss

Financial assets that are not measured at amortised cost or at fair value through other comprehensive income are measured at fair value. At the time of original recognition, in order to eliminate or significantly reduce the accounting mismatch, the company may irrevocably designate financial assets that meet the conditions of measuring at amortised cost or at fair value through other comprehensive profit and loss as financial assets measured at fair value through profit and loss.

Such assets are subsequently measured at fair value and their net income or loss (including any dividend and interest income) is recognised as profit and loss.

iv. Impairment loss on financial assets

The company recognised the expected credit loss of the financial assets measured at amortised cost (including cash and cash equivalent, notes receivable, accounts receivable, other receivables, refundable deposit and other financial assets) as the impairment loss.

The impairment loss of the financial assets meeting the following circumstances are measured at the amount of the expected credit loss within 12 months and the rest are measured at expected credit loss during the lifetime:

- The credit risk of the debt securities on the reporting date is determined to be low, and
- The credit risk of other debt securities and bank deposits (that is, the risk of default during the expected life of financial instruments) has not increased significantly since the original recognition.

The impairment loss of accounts receivable is measured by the amount of expected credit loss during the lifetime.

When measuring if the credit risk is significantly increased after the initial recognition, the Company may consider from reasonable and verifiable information (that can be acquired without excessive cost or effort), including qualitative and quantitative information, and analysis made based on the historical experience, credit evaluation and forward-looking information of the company.

If the payment of contract is due over 90 days, the expected credit loss of the

company is increased significantly.

If the payment of contract is due over 180 days or the borrower is unlikely to perform its credit obligation to repay the company with full amount, the company assumed that the financial assets are in breach of contract.

Expected credit loss during the lifetime is the expected credit loss of all the possible reason of breach of contract with in the expected lifetime of the financial instrument.

Expected credit loss within 12 months are the expected credit loss that may occur due to the reason of breach the contract of financial instrument within the 12 months after reporting date (or even shorter, if the lifetime of financial instruments is shorter than 12 months).

When measuring the longest lifetime of expected credit loss are the longest contract lifetime of the Company expose under the credit risk.

Expected credit losses are the weighted estimate of the ratio of credit loss during the lifetime of the financial instrument. Credit loss is measured under the current value of the cash shortfall, which is the difference between the cash inflow according to the contract and the cash inflow expected. The expected credit loss is discounted under the effective interest rate of the financial asset.

The company estimates the credit loss of financial asset at amortised cost and debt securities at fair value through other comprehensive income on each reporting date. When one or more of the matters that may affected the expected future cash flow of the financial assets occurred, the financial asset is in credit loss. The evidence of credit loss of financial assets includes observable data on the following matters:

- The borrower or issuer is under significant financial difficulties;
- Breach of contract, like lag or due over 180 days;
- Due to economic or contractual reasons with related to the financial difficulties of the borrower, the company offers the borrower certain concession that originally will not be considered.
- The borrower will possibly file in bankruptcy or other financial reorganization; or
- The active market of the financial asset may disappear due to the financial difficulties.

The impairment loss of the financial assets at amortised cost is deducted from the book value of the assets.

When the company cannot reasonably expect to recover the whole or part of the financial assets, it will directly reduce the total amount of the financial assets. For company accounts, the company analyses the time point and amount of write-off on the basis of whether it reasonably expects to be recoverable. The expected write-off amount will not be reversed significantly. However, the financial assets already written off still can be enforced in order to fulfil the procedure of recovering overdue amount of the Company.

v. Derecognize of financial assets

he company will only derecognize the financial assets when the contractual rights from the cash flow of the assets are terminated, or the financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to other enterprises, or almost all the risks and rewards of the ownership have not been transferred or retained and the control of the financial assets has not been retained.

If the company enters into a transaction of transferring financial assets and retains all or almost all the risks and rewards of the ownership of the transferred assets, it will continue to be recognized in the balance sheet.

(2) Financial Liability and equity instrument

i. Classification of debt and equity

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.

ii. Transaction of equity

Equity instruments represent the contract of residual interest after the deduction of assets from the liability. The amount of equity instrument is recognised based on the acquired amount less the direct issuing cost.

iii. Treasury Stock

When the company buys back the equity instrument recognised, the consideration it paid (including the directly attributable cost) is recognized as the reduction of the equity. Shares bought back by the company is categorised as the treasury stock. The amount collected for further sale or reissuing of treasury stock is recognized as increase in equity, and the balance or loss of the transaction is recognized as capital surplus or retained earnings (if the capital surplus is not insufficient for offset).

iv. Financial Liabilities

Financial liabilities are measured at amortised cost. Financial liabilities are subsequently measured at amortised cost under effective interest. Interest expense and exchange income (loss) are recognized in profit and loss. Upon derecognition, any income or loss shall be recognized in income and loss.

v. Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expire. When the terms of financial liabilities are amended and there is a significant difference in the cash flow of the amended liabilities, the original financial liabilities are derecognized and new financial liabilities are recognized at fair value on the basis of the amended terms.

When the financial liabilities are derecognised, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognised in profit and loss

vi. Offsetting of financial assets and liabilities

Financial assets and financial liabilities can only be offset and expressed in net amount in the balance sheet when the company has the right to offset legally and intends to deliver the assets with net amount or realize the assets and settle the liabilities simultaneously.

7. Inventories

Inventories are measured by the cost and the net realizable value, whichever is lower. The cost includes the acquisition, manufacturing or processing costs and other costs incurred in making it available for use, and is calculated by the weighted average method. The cost of finished goods and work in progress inventory includes the manufacturing cost apportioned according to the normal production capacity in an appropriate proportion.

Net realizable value refers to the balance of the estimated selling price under normal operation minus the estimated cost still to incur upon completion and the estimated cost for sale.

8. Non-current assets to be sold and discontinued operations

(1) Non-current assets held for sale

Non-current assets or disposal groups composed of assets and liabilities are classified as to be sold when it is highly likely that their carrying amount will be recovered through sale rather than continuous use. The asset or components of the disposal group shall be re-measured in accordance with the accounting policies of the company before the original classification to be sold. After classified as to be sold, it is measured on the basis of the

lower of its carrying amount and fair value minus cost to sell. The impairment loss of any disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis. However, the loss is not allocated to assets that are not within the scope of IAS 36: Impairment. The above items shall continue to be measured in accordance with the accounting policies of the company. The impairment loss originally classified as to be sold and the profits and losses arising from subsequent re-measurement are recognized as profits and losses, but the recovered profits shall not exceed the recognized cumulative impairment loss.

Depreciation or amortization shall not be recognized for property, plant and equipment held for sale. When an associated enterprise recognized by the equity method is classified as to be sold, the equity method shall be discontinued.

(2) Discontinued operations

The discontinued operations refer to the compositions of the Company that are disposed or held for sale and:

Operating operations are categorised discontinued operations at the earlier stage of disposal or meeting the criteria for held for sale.

9. Investing subsidiaries

When preparing the parent company only financial statement, the company evaluates the investee company with control by equity method. Under equity method, the current profits and losses and other comprehensive profits and losses in the parent company financial report are the same as those in the financial report prepared on a consolidated basis. The owner's equity in the parent company only financial report is the same as that of the parent company in the financial report prepared on the consolidated basis

If the change of the ownership rights and interests of the subsidiary does not result in the loss of control, it shall be regarded as the rights and interests transaction with the owner..

10. Investment property

Investment property refers to the property held for rent or asset appreciation, or both, rather than for normal business sale, production, provision of goods or services, or for administrative purposes. The original investment property is measured by cost, and subsequently is measured by cost less accumulated depreciation and accumulated impairment. The depreciation method, service life and residual value of investment property are subject to the provisions of real estate, plant and equipment.

Profit or loss from disposal of investment property (calculated in the difference of net disposal amount and the book value) are recognized in profit and loss.

Rental income of the investment property during the leasing period is recognized as operating income under the straight-line method and the leasing incentives are recognized as part of the leasing revenue.

The estimated service life in the current and the comparative period is as follows:

Building and Structures	50 Years
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11. Property, plant and equipment

(1) Recognition and measurement

Property, plant and equipment are measured by the cost (including the cost of loans in capital) deducted the accumulative depreciation and all of the accumulative impairment.

If the significant part of property, plant and equipment is with different service life, it is regarded as the individual items (major components) of property, plant and equipment.

The profit or loss from disposal of property, plant and equipment are recognised as profit and loss.

(2) Subsequent expenditure



Subsequent expenditure is capitalized only when its future economic benefits are likely to flow into the company.

(3) Depreciation

Depreciation is calculated by the assets cost less the residual value and is recognized in profit or loss within the estimated service life each component using the straight-line method

No depreciation is recognized for land.

The estimated service life of current and the comparative period is as follows:

Building and Structure	2~55 Years
Machinery and Equipment	1~15 Years
Utilities Equipment	2~20 Years
Transportation Equipment	3~10 Years
Office Equipment	1~11 Years
Rental Assets	3~20 Years
Other Facilities	3~50 Years

The company reviews the method of depreciation, service life and residual value at every reporting date and makes appropriate adjustment if necessary.

(4) Reclassification to investment property

If the property changes the purpose of its property from self-use to investment, the carrying amount of the property is reclassified as investment property when the use of property changes.

12. Leasing

The company determine whether the contract is leasing or include leasing on the day of conclusion of contract. If the contract can be determined to obtain the control of an asset within the period of time to receive the consideration, then it is considered as leasing or including leasing.

(1) The company as lessee

The company recognised the right-of-use asset and the leasing liability on the date the lease starts. The right-to-use assets are originally measured at cost, which includes the original measured amount of lease liabilities, adjustment of any lease payments paid on or before the lease start date, addition of the original direct costs incurred and the estimated costs for dismantling, removing and restoring the target assets, and deduction of any lease incentives received.

The depreciation of the right-of-use asset is recognized from the beginning of the lease to the expiry of the service life of the right-of-use assets or when the lease terminates, which is earlier, by the straight-line-method. In addition, the company shall evaluate the impairment of the right-of-use assets and handle all of the impairment loss occurred and adjust the right-of-use asset when re-measurement of leasing liabilities occurs.

The initial measure of the leasing liability is on the present value of the lease payment payable from the commencement of lease. If the implied interest rate of the lease is easy to determine, the discount rate shall be the interest rate. If it is not easy to determine, the incremental borrowing rate of the company shall be used. Generally speaking, the company adopts its incremental loan interest rate as the discount rate.

The leasing payment measured under the leasing liability includes:

- i. Fixed payment, including the substantial fixed payment;
- ii. Variable lease payment depends on an index or a rate are included in the initial measurement of the lease liability;
- iii. Amounts expected to be payable by the lessee under residual value; and

- iv. The exercise amount of purchase option or termination option or the penalty to be paid when it is reasonably determined that the purchase option or lease termination option will be exercised.

The lease liability is subsequently re-measured to reflect changes in:

- i. An index or a rate used to determine the payment;
- ii. The amounts expected to be payable under residual value guaranteed;
- iii. The assessment of a purchase option;
- iv. Estimation on extension or termination option to change in the rental duration;
- v. Lease objectives, scope or other terms.

The lease liability is adjusted in the book value of the right-of-use assets when the above-stated change in index or rate, residual value guaranteed, and assessment of purchase, extension and termination. When the book value of right-of-use assets deducted to zero, the remaining balance shall be recognised in profit or loss.

For a lease modification that reduces the scope of the lease, the carrying amount of the right-to-use asset is reduced to reflect the partial or full termination of the lease, and the difference between it and the re-measured amount of the lease liability is recognized in profit or loss.

The company represent the right-of-use assets and leasing liability disqualified the definition of the investment property in single item on the balance sheet.

For short-term leasing of machinery equipment and office equipment or lease of subjects with low value, the company selects to not recognise them as right-of-use asset and leasing liability but to recognise the leasing payment as expenses within the duration of leasing under straight-line-basis.

(2) The company as lessor

For the transactions with the company as lessor, a lease is classified as finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease. In the evaluation, the company considers whether the lease term covers the main part of the economic life of the target asset and other relevant specific indicators.

If the company is an intermediate lessor, it shall account the head lease and a sublease separately, and the head lease is classified as right-of-use asset assessed subtle transaction. If the head lease is a short-term lease and the recognition exemption is applicable, the sublease transaction should be classified as an operating lease.

If the agreement consists of leasing and non-leasing parts, the company allocates the consideration in the contract in accordance with IFRS 15

13. Impairment of non-financial assets

The company reviews its book value of non-financial assets for indications of impairment at the end of each report date. If any indication of impairment exists, the asset's recoverable amount is estimated.

For the purpose of impairment test, a group of assets with cash inflow mostly independent of other individual assets or asset groups is regarded as the smallest identifiable asset group.

The recoverable amount is the higher of the fair value of an individual asset or cash generating unit less disposal costs and its value in use. When evaluating the value in use, the estimated future cash flow is converted to the present value at the pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risk of the asset or cash generating unit.

The impairment loss is recognized when the carrying amount of an individual asset or cash generating unit exceeds its recoverable amount.

The impairment loss is recognized immediately in profit and loss, and the carrying amount of the amortization goodwill of the cash generating unit is reduced first, and then the carrying amount of each asset is reduced in proportion to the carrying amount of other assets in the unit. For non-financial assets other than goodwill, they can only be reversed within the range not exceeding the carrying amount (less depreciation or amortization) determined when the impairment loss of the asset was not recognized in the previous year.

#### 14. Income recognition

##### Income from contracts with customers

Income is measured according to the consideration expected to be obtained by transferring goods or services. The company recognizes the income when the control over goods or services is transferred to customers and the performance obligations are met. The description of the main income of the company as follows:

##### (1) Sales of goods

The company recognizes income when the control over the products is transferred. The transfer of control over the product means that the product has been delivered to the customer, and the customer can completely determine the sales channel and price of the product, and there is no un-performed obligation that will affect the customer's acceptance of the product. Delivery occurs when the product is delivered to a specific place, the risk of obsolescence and loss has been transferred to the customer, the customer has accepted the product according to the sales contract, the acceptance terms have expired, or the company has objective evidence that all acceptance conditions have been met.

The company recognises receivables from the time of goods delivery as the company has the right to receive the price of transaction, unconditionally.

##### (2) Composition of finance

The company expected that the time between transferring the goods or services to the clients and the time of customer payment for the goods or services should be within a year. Therefore, the company does not make any adjustment on the time value of currency for the price of transaction.

#### 15. Employee Benefits

##### (1) Defined benefit plans

The allocation obligation of defined benefit pension plans is recognized as expenses while the employees are under service duration.

##### (2) Short-term employee benefit

Short-term employee benefit is recognized as expense while the service is provided. If the company has the current legal or constructive payment obligation due to the past service provided by the employees, and the obligation can be estimated reliably, the amount shall be recognized as a liability.

#### 16. Income tax

Income tax consists of current tax and deferred tax. Except for expenses related to business merger or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current tax comprises the expected tax payables or receivables on the taxable profits (losses) for the year and adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, the following

temporarily differences not recognized as deferred tax:

- (1) The initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect accounting profit or taxable profit;
- (2) Temporarily differences associated with investment in subsidiaries, affiliated enterprise and joint venture, but only to the extent that the company is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future; and
- (3) Liabilities arising from initial recognition of goodwill.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- (1) The company has the legal right to offset the current income tax assets and current income tax liabilities; and
- (2) The taxing of deferred tax assets and liabilities fulfil one of the below scenarios:
  - i. Levied by the same taxing authority; or
  - ii. Levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

#### 17. Earnings per share

The company discloses the basic and diluted earnings per share attributed to the common stock equity owners of the company. The basic earnings per share of the company is calculated by dividing the profit and loss attributable to the common equity interest holders of the company by the weighted average number of common shares outstanding in the current period. Diluted earnings per share is calculated by adjusting the profit and loss attributable to the company's common equity interest holders and the weighted average number of outstanding common shares, respectively, for the impact of all potential diluted common shares. The dilutive potential common stock includes the compensation to the employees in form of shares.

#### 18. Information on department

Information on department is disclosed within the consolidated financial statement, therefore excluded from Individual financial statement.

### v. **Critical accounting judgments and key sources of estimation and uncertainty**

The preparation of the financial statements in conformity with the, requires management to make judgment, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of

those changes in accounting estimates in the next periods.

Information on accounting policies consists of critical accounting judgments and significant impact on the amount listed on the accompanying parent only financial statements: None.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment with the next financial year, and reflected the impact of COVID-19 pandemic, are as follows:

### **Recognition of deferred income tax assets**

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the company's subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets. For the recognition of deferred income tax assets please refer to Note 6(15).

### **Valuation procedure**

The company's accounting policies and disclosure include fair value measurement of its financial and non-financial assets and liabilities. The company has established relevant internal control system for fair value measurement, and regularly reviews and adjusts major unobservable input values. If the input value used to measure the fair value is the information from an external third party (such as a broker or a pricing service provider), the evaluation team will evaluate the evidence provided by the third party in support of the input value to determine that the evaluation and its fair value classification are in line with the IFRS.

The company used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair value levels are based on the degree in which the fair value can be observed and grouped in to level 1 to 3 as follows:

1. Level 1: Quoted prices (unadjusted) in active markets for identified assets or liabilities.
2. Level 2: inputs, other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
3. Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

### **Transfer within levels**

If there is fact or condition for transfer within levels, the company shall recognize such transfer at the reporting date

### **Further information on the assumption used in fair value**

For further information on the assumption used in fair value, please refer to the following notes  
Note 6(22), Financial Instrument

## **vi. Contents of significant accounts**

### 1. Cash and cash equivalent

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Cash on Hand	\$ 120	120
Check Deposit	31,956	109,207
Demand Deposit	4,181	1,941
Foreign Currency Deposit	94,290	34,730
Cash and Cash Equivalent stated on statement of cash flow	<b>\$ 130,547</b>	<b>145,998</b>

The disclosure of interest rate risk and the sensitivity analysis of the financial assets and liability, please refer to Note 6 (22)

2. Financial asset at fair value through profit or loss

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Financial Assets at Fair Value through Profit or Loss		
Beneficiary Certificate	\$ -	4,123
Shares of domestic companies listed the exchange and OTC	305,229	397,643
<b>Total</b>	<b>\$ 305,229</b>	<b>401,766</b>

Financial assets at fair value through profit or loss of the company are not provided as pledge endorsement by the date of December 31, 2021 and 2020.

3. Financial asset at fair value through comprehensive income or loss

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Equity Instrument at Fair Value through Profit or Loss		
Non-current:		
Shares of domestic companies not listed the exchange and OTC		
Shares of COCONA.INC.	64,157	44,087
Shares of Kuanz Ho Securities	172,487	142,892
Ho Chi Tang Investment Co., Ltd	7,670	7,196
Shares of Nice Plaza Co., Ltd.	170,400	177,150
Shares of YaMai (Hong Kong) Limited	30,879	49,869
<b>Total</b>	<b>\$ 445,593</b>	<b>421,194</b>

(1) The equity instrument of the company is for strategic investment and not for the purpose of trading, and therefore is designated as measured at fair value through comprehensive income or loss.

(2) For information regarding credit risk and market risk, please refer to Note 6(22).

(3) Financial assets at fair value through comprehensive income of the company are not provided as pledge endorsement by the date of December 31, 2021 and 2020.

4. Note Receivable and Account Receivable

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Note receivable-resulting from operating activities	\$ 4,085	4,479
Account receivable-amortized cost	152,011	284,003
Less: Allowance loss	(1,545)	(1,545)
	<b>\$ 154,551</b>	<b>286,937</b>

(1) The company adopts a simplified method to estimate the expected credit loss for all notes receivable and accounts receivable, that is, to measure the expected credit loss during the period of existence. For this purpose, these notes receivable and accounts receivable are grouped according to the common credit risk characteristics representing the customer's ability to pay all amounts due according to the contract terms, and have been included in the forward-looking information, Including the overall economy and related industry information. An analysis of the company's expected credit losses on notes and accounts

receivable is as follows:

	<b>December 31, 2021</b>		
	<b>Book value of accounts receivable</b>	<b>Forecast weighted average credit loss ratio</b>	<b>Lifetime allowance forecast credit loss</b>
Not overdue	\$ 147,465	0%	-
Past due under 90 days	7,086	0%	-
Past due over 180 days	1,545	100%	1,545
	<b><u>\$ 156,096</u></b>		<b><u>1,545</u></b>

	<b>December 31, 2020</b>		
	<b>Accounts receivable book value</b>	<b>Forecast weighted average credit loss ratio</b>	<b>Lifetime allowance forecast credit loss</b>
Not overdue	\$ 286,919	0%	-
Past due under 90 days	18	0 %	-
Past due over 180 days	1,545	100%	1,545
	<b><u>\$ 288,482</u></b>		<b><u>1,545</u></b>

(2) The change in impairment loss of note receivable and account receivable, as follows:

	<b>Year 2021</b>	<b>Year 2020</b>
Opening balance	1,545	1,923
Reversal on impairment loss (Listed under income(loss) from discontinued operation)	-	(378)
Ending balance	<b><u>\$ 1,545</u></b>	<b><u>1,545</u></b>

(3) The note receivable and account receivable of the company are not provided as pledge endorsement on the date of December 31, 2021 and 2020.

(4) Other information on credit risk, please refer to Note 6(22).

5. Other receivables

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Other receivables-equity transfer	\$ 58,741	58,741
Other receivables-other	4,162	4,735
Other receivables-related parties	-	1,123
Less: Allowance loss	(58,741)	(58,741)
	<b><u>\$ 4,162</u></b>	<b><u>5,858</u></b>

The credit risk of other receivables has not changed significantly and no impairment loss is suspected, except for the impairment loss recorded. Please refer to Note 6(22) for additional credit risk information.

6. Inventories

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Finished goods	\$ 61,540	24,447
Raw material	33,136	28,643
Less: Allowance loss	(4,700)	(3,833)
	<b><u>\$ 89,976</u></b>	<b><u>49,257</u></b>

The sales price details are as follows:

	<u>Year 2021</u>	<u>Year 2020</u>
Inventory sale transfer	\$ 550,179	594,596
Inventory depreciation loss (recovery benefit)	867	(27,867)
Sale of scraps	-	(314)
rental cost	41,268	23,691
Plus: the benefit of falling prices of inventories belonging to discontinued units	<u>-</u>	<u>27,867</u>
	<u><b>\$ 592,314</b></u>	<u><b>617,973</b></u>

The inventories in fiscal 2021, the Company recorded a loss on decline in value of inventories due to the aging of inventories as a result of the slowing down of shipments by end-users. In fiscal 2020, the Company sold inventories for which a loss on decline in value was recorded in previous years, resulting in an increase in the net realizable value of inventories and reversal of the previously recognized loss on decline in value.

The company are not provided as pledge endorsement on the date of December 31, 2021 and 2020.

7. Assets or discontinued operations held for sale

(1) Discontinued operations:

The company's board of directors decided to terminate the factory in Tainan of department of processing yarn to terminate the continuous loss to reduce the operation loss of the company on the Board meeting on October 31, 2019.

The operating result of discontinued operation is as follows:

	<u>Year 2020</u>
<b>Operational result of discontinued operation:</b>	
Operating income	102,410
Operating cost	<u>(166,953)</u>
Gross Loss from operations	(64,543)
Operating expense	<u>(10,250)</u>
Net loss from operation	(74,793)
Non-operating income and expense	<u>(842)</u>
Net loss before tax	(75,635)
Income tax expense	<u>-</u>
<b>Net loss from discontinued operation</b>	<u><b>(75,635)</b></u>
<b>Primary loss per share (NT\$)</b>	<u><b>(0.34)</b></u>
<b>Diluted loss per share (NT\$)</b>	<u><b>(0.34)</b></u>
<b>Net cash flow from discontinued operation</b>	
Net cash flow from operating activities	215,058
Net cash flow from investing activities	<u>-</u>
<b>Net cash flow</b>	<u><b>215,058</b></u>



(2) Assets held for sale:

The details of the changes in the non-current assets to be disposed of by the Company are as follows:

The change in assets held for sale as follows:

	<u>Year 2021</u>	<u>Year 2020</u>
Opening balance	\$ -	1,396,256
Transferred-in	-	691,267
Disposal	-	(2,087,523)
Ending balance	<u>\$ -</u>	<u>-</u>

The board of directors of the company approved to sell the land and structure of DaYing District, Tainan City with several instalments on July 31, 2019, October 31, 2019 and June 3, 2020. The procedure of real estate settlement has been complete in 2020 and NT\$970,755,000 is recognised as benefits from disposal of noncurrent assets held for sale. Until December 31, 2020, the above-mentioned price is received in full amount.

The board of the directors of the company approved to terminate the manufacturing of processing yarn of the Tainan factory since January 1, 2020 on the date of October 31, 2019 and sell all of its machinery equipment to the related parties. The trading agreement was signed on December 26, 2019 with the amount sold at NT\$44,360,000 and the full amount of NT\$44,360,000 was received on the date of December 30, 2019. The above transaction was completed in January 2020; therefore, the Company recognized a gain of NT\$14,253,000 on disposal of non-current assets held for sale.

8. Investment under equity method

The investment under equity method on the report date as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Subsidiaries	<u>\$ 2,235,253</u>	<u>2,149,321</u>

(1) Subsidiaries

Please refer to the 2021 consolidated financial statement.

(2) Endorsement

The investment under equity method is not provided as pledge endorsement on the date of December 31, 2021 and 2020.

9. Property, plant and equipment

The cost, depreciation and change in impairment loss of the property, plant and equipment of 2021 and 2020 as follows:

	<u>Land</u>	<u>Building &amp; Structure</u>	<u>Machinery and Equipment</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Unfinished construction and equipment pending acceptance</u>	<u>Total</u>
Cost or deemed cost:							
Balance at January 1, 2021	\$ 32,235	3,054	-	9,235	5,704	-	50,228
Disposal	-	-	-	(1,750)	-	-	(1,750)
Balance at December 31, 2021	<u>\$ 32,235</u>	<u>3,054</u>	<u>-</u>	<u>7,485</u>	<u>5,704</u>	<u>-</u>	<u>48,478</u>
Balance at January 1, 2020	\$ 32,235	3,852	88,948	7,350	7,168	28,133	167,686
Addition	-	-	-	4,985	-	29,530	34,515
Reclassification to non-current assets held for sale	-	(798)	-	-	-	-	(798)
Reclassified as other non-current assets	-	-	-	-	-	(57,663)	(57,663)
Disposal	-	-	(88,948)	(3,100)	(1,464)	-	(93,512)
Balance at December 31, 2020	<u>\$ 32,235</u>	<u>3,054</u>	<u>-</u>	<u>9,235</u>	<u>5,704</u>	<u>-</u>	<u>50,228</u>
Depreciation:							
Balance at January 1, 2021	\$ -	1,532	-	3,750	4,382	-	9,664
Depreciation of the fiscal year	-	71	-	831	258	-	1,160
Disposal	-	-	-	(1,458)	-	-	(1,458)
Balance at December 31, 2021	<u>\$ -</u>	<u>1,603</u>	<u>-</u>	<u>3,123</u>	<u>4,640</u>	<u>-</u>	<u>9,366</u>
Balance at January 1, 2020	\$ -	2,173	71,157	6,126	5,561	-	85,017
Depreciation of the fiscal year	-	70	480	207	269	-	1,026
Disposal	-	-	(71,637)	(2,583)	(1,448)	-	(75,668)
Reclassification to non-current assets held for sale	-	(711)	-	-	-	-	(711)
Balance at December 31, 2020	<u>\$ -</u>	<u>1,532</u>	<u>-</u>	<u>3,750</u>	<u>4,382</u>	<u>-</u>	<u>9,664</u>
Book value:							
December 31, 2021	<u>\$ 32,235</u>	<u>1,451</u>	<u>-</u>	<u>4,362</u>	<u>1,064</u>	<u>-</u>	<u>39,112</u>
January 1, 2020	<u>\$ 32,235</u>	<u>1,679</u>	<u>17,791</u>	<u>1,224</u>	<u>1,607</u>	<u>28,133</u>	<u>82,669</u>
December 31, 2020	<u>\$ 32,235</u>	<u>1,522</u>	<u>-</u>	<u>5,485</u>	<u>1,332</u>	<u>-</u>	<u>40,564</u>

The property, plant and equipment are not provided as bank deposit or financing credit endorsement on the date of December 31, 2021 and 2020.

#### 10. Investment Property

The Investment property as the office building rented to third parties for operating rental owned by the company. The rental period of investment property is five to ten years and part of the contracts allows the lessee to have options on extension.

The change in investment property of the company as follows:

	<u>Land</u>	<u>Building &amp; Structure</u>	<u>Total</u>
Cost or deemed cost:			
Balance at January 1, 2021	\$ 3,125,723	1,169,332	4,295,055
Addition	1,952	9,139	11,091
Transfer from non-current assets	442,852	514,052	956,904
Balance at December 31, 2021	<u>\$ 3,750,527</u>	<u>1,692,523</u>	<u>5,263,050</u>
Balance at January 1, 2020	\$ 2,613,733	816,183	3,429,916
Addition	871,645	561,585	1,433,230
Transfer from real estate prepayment	125,420	-	125,420
Reclassification	170,056	(170,056)	-
Reclassified as non-current assets held for sale	(655,131)	(38,380)	(693,511)
Balance at December 31, 2020	<u>\$ 3,125,723</u>	<u>1,169,332</u>	<u>4,295,055</u>
Depreciation and impairment loss:			
Balance at January 1, 2021	\$ 76,242	72,987	149,229
Depreciation	-	26,877	26,877
Balance at December 31, 2021	<u>\$ 76,242</u>	<u>72,987</u>	<u>176,106</u>
Balance at January 1, 2020	\$ 30,980	60,330	91,310
Depreciation	-	14,988	14,988
Reclassified as non-current assets held for sale	-	(2,331)	(2,331)
Impairment loss	45,262	-	45,262
Balance at December 31, 2020	<u>\$ 76,242</u>	<u>72,987</u>	<u>149,229</u>
Book Value:			
December 31, 2021	<u>\$ 3,494,285</u>	<u>1,592,659</u>	<u>5,086,944</u>
January 1, 2020	<u>\$ 2,582,753</u>	<u>755,853</u>	<u>3,338,606</u>
December 31, 2020	<u>\$ 3,049,481</u>	<u>1,096,345</u>	<u>4,145,826</u>

- (1) The investment property consists of various commercial property and plant for renting to others. The agricultural land of Huantan Township, Changhua held by CHANG, ZHEN TIAN and various people, created the pledge for the company. The above-mentioned land is used for renting.
- (2) The investment property held by the company were NT\$7,502,219,000 and NT\$5,068,698,000 at fair value on the date of December 31, 2021 and 2020 and the price is determined by the market price of deal for the surrounding area and the real estate appraisal report.
- (3) For the purchase of significant investment property of the company on the date December 31, 2021, please refer to Note 13(1).5.
- (4) The company recognised the impairment loss of NT\$0 and NT\$45,262,000 in the year 2021 and 2020 after assessing the investment property asset of Huantan and Dachun township with its conditions in use and the value impairment.

(5) For the investment property used as pledge for long-term funding and funding endorsement credit, please refer to Note 8.

11. Other non-current assets

Details of other non-current assets of the company as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Real estate Prepayment	\$ 92,570	285,415
Other	123	125
	<b><u>\$ 92,693</u></b>	<b><u>285,540</u></b>

The information on significant real estate prepayment on the date of December 31, 2021 as stated on Note 13 (1).5.

12. Short-term loan

Details of short-term loan as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Unsecured loan from bank	\$ 270,000	440,000
Secured loan from bank	438,000	-
Total	<b><u>\$ 708,000</u></b>	<b><u>440,000</u></b>
Unused facilities	<b><u>\$ 912,000</u></b>	<b><u>830,000</u></b>
Interest rate collars	<b><u>0.58%~1.15%</u></b>	<b><u>0.58%~1.35%</u></b>

The assets created for bank deposit pledge as stated on Note 8.

13. Long-term loan

Details, terms and conditions of long loan as follows:

<b>December 31, 2021</b>				
	<b>currency</b>	<b>Interest rate collars</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loan from bank	New Taiwan Dollar	1.12%~1.53%	2024~2040	\$ 3,202,422
Less: due within one year				(44,383)
Total				<b><u>\$ 3,158,039</u></b>
Unused facilities				<b><u>\$ -</u></b>
<b>December 31, 2020</b>				
	<b>currency</b>	<b>Interest rate collars</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loan from bank	New Taiwan Dollar	1.12%~1.53%	2021~2040	\$ 2,722,160
Less: due within one year				(206,738)
Total				<b><u>\$ 2,515,422</u></b>
Unused facilities				<b><u>\$ -</u></b>

The assets created for bank deposit pledge is stated in Note 8.

14. Operating leasing

The investment property for rental of the company are not transfer the ownership and its risk and compensation, therefore the contract classified as operating rental, please refer to Investment Property of Note 6(10).

The undiscounted amount of rental payment due after the report date as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Less than one year	\$ 51,287	73,849
One to two years	58,890	70,286
Two to three years	57,679	69,417
Three to four years	44,388	69,390
Four to five years	39,140	33,920
More than five years	61,518	46,897
Total undiscounted lease payment	<b><u>\$ 312,902</u></b>	<b><u>363,759</u></b>

The rental income from the investment property, please refer to Note 6 (18) of the year 2021 and 2020. The maintenance expense of investment property (listed as operating cost) , please refer to Note 6 (5)

15. Income tax from continuing operation

1. Income tax expenses

The details of income tax of the year 2021 and 2020 as follows:

	<b>Year 2021</b>	<b>Year 2020</b>
Current income tax expense		
Generate within the period	\$ 10,193	-
Land Value Increment tax	-	158,517
Over-estimate of income tax for the past years	-	(993)
	<u>10,193</u>	<u>157,524</u>
Deferred income tax expense		
Reverse and occur of temporary difference	-	5,649
Income tax expense	<b><u>\$ 10,193</u></b>	<b><u>163,173</u></b>

The adjustment of income tax expense and net income before tax of continuing operation of year 2021 and 2020 as follows:

	<b>Year 2021</b>	<b>Year 2020</b>
Profit before tax from continuing operations	\$ 210,796	883,065
Income tax calculated with the tax rate of the region the\$ company registered	42,159	176,613
Investment profit or loss under the equity method	(22,313)	23,487
Dividend income	(3,421)	(1,036)
Valuation gain on financial assets	(9,994)	(9,288)
Land Value Increment tax	-	158,517
Impairment loss on non-financial asset	-	9,052
Income of selling land without tax	-	(222,658)
Over-estimate of income tax for the past years	-	(993)
Tax loss of not listed as deferred tax assets	(6,199)	28,541
Income basic tax	10,193	-
Other	(232)	938
Total	<b><u>\$ 10,193</u></b>	<b><u>163,173</u></b>

2. Deferred tax assets  
i. Unlisted deferred tax assets

The unlisted deferred tax assets as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Loss from uncollectible	\$ 11,748	12,133
Loss carryforward	14,687	21,355
	<b><u>\$ 26,435</u></b>	<b><u>33,488</u></b>

The loss of tax is under the rule of Income Tax Act, with the approval of tax collection authorities may deducted the loss from the net income of the year and re-assessing the income tax. These are not listed as unlisted deferred income tax assets because the company may not have sufficient temporary difference for the income tax.

- ii. Listed deferred tax assets

	<b>Loss carryforward</b>	<b>Other</b>	<b>Total</b>
<b>Deferred income tax liabilities:</b>			
<b>Balance at January 1, 2021:</b>	\$ 27,778	691	28,469
Debit profit and loss statement	(249)	249	-
<b>Balance at December 31, 2021:</b>	<b><u>\$ 27,529</u></b>	<b><u>940</u></b>	<b><u>28,469</u></b>
<b>Balance at January 1, 2020</b>	\$ 27,778	6,340	34,118
Debit profit and loss statement	-	(5,649)	(5,649)
<b>Balance at December 31, 2020</b>	<b><u>\$ 27,778</u></b>	<b><u>691</u></b>	<b><u>28,469</u></b>

- iii. The taxable losses that have not been deducted by the Company of December 31, 2021, and the deduction period is as follows:

<b>Year of loss</b>	<b>Loss not deducted</b>	<b>The year of latest deduction</b>
Year 2012(authorized number)	57,415	2022
Year 2013(authorized number)	11,266	2023
Year 2020(declared number)	142,399	2030
	<b><u>\$ 211,080</u></b>	

If the actual taxable income is higher or lower than expected, it may be necessary to reverse or recognize a significant amount of deferred asset and recognize the income tax expense or income in the period of reversal or recognition.

- iv. The tax authorities have completed examination of income tax returns of the Company through 2019.

16. Capital and other equity

As of December 31, 2021 and 2020, the authorized share of common stock of the Company amounted to NT\$5,600,000 thousand with a par value of NT\$10 per share of which 560,000 thousand shares. 301,648 thousand shares were issued and all issued shares were paid up upon issuance.

(1) Capital Surplus

The component of capital surplus as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Share premium	\$ 178,238	178,238
Treasury stock	289,199	252,773
Recognise changes in all equity in Subsidiaries	8,825	8,170
Difference between consideration and carrying amount of Subsidiaries acquired or disposed	12,648	7,280
Other	11,745	11,745
	<b><u>\$ 500,655</u></b>	<b><u>458,206</u></b>

According to the Company Act, capital Surplus is used to make up the loss and distribute the realised capital surplus to the shareholders with their original ratio of shareholding in form of new shares or cash. The realised capital surplus is including the additional paid-in capital in excess of par-issued stock and the income of gift received. According to the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, the distribution capital of capital surplus may not exceed 10% of the total capital every year.

(2) Retained earnings

According to the Article of Incorporation, the retained earnings of the annual final account shall be used for tax payment, to make up the loss of the past years and to reserve 10% for the legal reserve, but it is not restricted if the legal reserve exceed the capital of the Company. The company may allocate the special reserve depending on the need of operating and legal restriction; if there are still earnings, they can be added to the undistributed earnings at the opening balance and distributed by the proposal of board of directors and the approval from the shareholders’ meeting. If the Company distributes dividends and bonuses or legal reserve and capital surplus in whole or in part in the form of cash, the Board of Directors is authorized to do so with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, and to report such distribution to the shareholders' meeting.

The bonus policy of the Company is to cope with the current and future development plan, considering the investment environment, capital needed and the competition within the country and oversea. For the interest of shareholders and the development of the company, not more than 10% of the cash dividend will be distributed and the rest will be distributed with share dividend when the shareholders approved to distribute shareholders’ dividends and bonuses.

i. Legal Reserve

When the company has no losses, it may, through the resolution of the shareholders' meeting, issue new shares or cash from the statutory earnings reserve, provided that the earnings exceeds 25% of the paid in capital.

ii. Special Reserve

According to the regulations of the FSC, when distributing the distributable earnings, the company shall make up for the special earnings reserve from the current profit and loss and the previous undistributed earnings according to the difference between the net amount of other shareholders' equity decrease and the balance of the special earnings reserve; If the amount of other shareholders' equity deduction is accumulated in the previous period, the special earnings reserve shall be added from the undistributed earnings of the previous period and shall not be distributed. If there is a reversal in the amount of the subsequent reduction in other shareholders' equity, the earnings may be distributed in respect of the reversal.

Therefore, in accordance with the above regulations, the Company passed the resolution of the general shareholders' meeting on August 4, 110 and June 11, 109 to

reverse and set aside the special surplus reserve of NT\$ (20,939) thousand and reversed NT\$ 20,939 thousand.

iii. Earning distribution

The Earning distribution of January 1, 2020 to June 30, 2020 and July 1, 2019 to December 31, 2019 is approved by the shareholders' meeting and board of directors on August 11, 2020 and June 11, 2020, respectively. The amount of owners' dividend distribution as follows:

	<u>January to June, 2020</u>		<u>July to December, 2020</u>	
	<u>Dividend rate(yuan)</u>	<u>Amount</u>	<u>Dividend rate(yuan)</u>	<u>Amount</u>
Dividends to common stockholder:				
Cash	\$ 0.50	<u>150,824</u>	0.50	<u>150,824</u>

The earning distribution of July 1, 2020 to December 31, 2020 was approved by the board of directors on February 15, 2021. The amount of owners' dividend distribution as follows:

	<u>July to December, 2020</u>	
	<u>Dividend rate(yuan)</u>	<u>Amount</u>
Dividends to common stockholder:		
Cash	\$ 1	<u>301,648</u>

The information regards to the above-stated earning distribution is available on MOPS.

(3) Treasury stock

The following table shows the treasury stock of the company holds by the reinvesting subsidiaries (Xin Mao Investment Co., Ltd. and Yi Tong Fiber Co., Ltd.) on the date December 31, 2020 and 2021.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiary holding parent company shares (Thousands of shares)	<u>78,565</u>	<u>78,465</u>
Acquisition cost	<u>\$ 731,599</u>	<u>729,809</u>
Stock market price	<u>\$ 1,535,944</u>	<u>1,294,671</u>
Amount of treasury stock	<u>\$ 344,203</u>	<u>325,463</u>

The above-mentioned treasury stock is not sold until December 31, 2021. The market price per share is NT\$19.55 and NT\$16.50 on date December 31, 2021 and December 31, 2020 respectively.



## (4) Other equity (net value after tax)

	<b>Unrealized gains or losses on fair value through other comprehensive income financial assets.</b>
Balance at January 1, 2021	\$ 65,111
Unrealized gains or losses on fair value through other comprehensive income financial assets.	24,399
Unrealized gains or losses on fair value through other comprehensive income financial assets of Associates & Joint Ventures Accounted for Using Equity Method	<u>21,443</u>
Balance at December 31, 2021	<b><u>\$ 110,953</u></b>
Balance at January 1, 2020	\$ (20,939)
Unrealized gains or losses on fair value through other comprehensive income financial assets.	91,053
Unrealized gains or losses on fair value through other comprehensive income financial assets of Associates & Joint Ventures Accounted for Using Equity Method	10,723
Share of Profit or Loss on fair value through other comprehensive income financial assets of Associates & Joint Ventures Accounted for Using Equity Method	<u>(15,726)</u>
Balance at December 31, 2020	<b><u>\$ 65,111</u></b>

## 17. Earnings per share

The calculation of basic earnings per share and the diluted earnings of the year 2021 and 2020, show as follows:

	<b>Year 2021</b>	<b>Year 2020</b>
<b>Basic earnings per share</b>		
Net profit from continuous operations of the company	\$ 200,603	719,892
Net loss from discontinued operations	-	(75,635)
	<b><u>\$ 200,603</u></b>	<b><u>644,257</u></b>
Weighted average number of common shares outstanding (thousands of shares)	<u>223,170</u>	<u>223,209</u>
From continuous operations	\$ 0.90	3.23
From discontinued operations	-	(0.34)
	<b><u>\$ 0.90</u></b>	<b><u>2.89</u></b>

	<b>Year 2021</b>	<b>Year 2020</b>
<b>Diluted earnings per share</b>		
Net profit from continuous operations of the company	\$ 200,603	719,892
Net loss from discontinued operations	-	(75,635)
	<b><u>\$ 200,603</u></b>	<b><u>644,257</u></b>
Weighted average number of common shares outstanding (thousands of shares)	<u>223,170</u>	<u>223,209</u>
Influence on dilutive potential common share		
Influence of employees' stock compensation (thousands of shares)	<u>125</u>	<u>433</u>
Weighted average number of dilutive potential common share outstanding (thousands of shares)	<u>223,295</u>	<u>223,642</u>
From continuous operations	\$ 0.90	3.22
From discontinued operations	-	(0.34)
	<b><u>\$ 0.90</u></b>	<b><u>2.88</u></b>

18. Revenue from Contracts with Customers

(1) Disaggregation of revenue

	<u>Year 2021</u>	<u>Year 2020</u>
Main region and market		
Taiwan	\$ 86,982	118,239
Asia	365,090	400,430
America	174,076	147,628
Europe	66,360	74,864
Africa	71,416	66,431
	<u><b>\$ 763,924</b></u>	<u><b>807,592</b></u>
Main Products		
Sales of goods-polyester yarn	\$ -	14,529
Sales of goods -draw textured yarn	156,859	205,488
Sales of goods -woven fabric	556,057	529,568
Rent income	51,008	58,007
Other	-	-
	<u><b>\$ 763,924</b></u>	<u><b>807,592</b></u>

(2) Balance of the contracts

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2019</u>
Notes and account receivable	\$ 156,096	288,482	364,722
Less: Allowance loss	(1,545)	(1,545)	(1,923)
Total	<u><b>\$ 154,551</b></u>	<u><b>286,937</b></u>	<u><b>362,799</b></u>
Contract Liabilities	<u><b>\$ 3,221</b></u>	<u><b>2,553</b></u>	<u><b>177</b></u>

- i. Disclosure of note receivable and account receivable, and their impairment please refer to Note 6(4)
- ii. The contract liabilities of January 1, 2021 and 2020 is listed as the amount of revenue of opening balance of the year 2021 and 2020 as NT\$2,553 thousand and NT\$177 thousand, respectively.

19. Employees' compensation and directors' remuneration

As stated in the Article of Incorporation, if the company gained in profit, the company shall appropriate no less than 0.5% as the employees' compensation and not more than 2% as the directors' remuneration. If the company has accumulated losses, the profit earned shall be reserved to make up the losses. Recipients entitled to receive shares or cash distributed as employee remunerations include employees of controlled companies and subordinate companies meeting certain requirements. The remuneration to the directors may only in form of cash.

The Company estimated the compensation to employees were NT\$1,157,000 and NT\$4,758,000 in 2021 and 2020, respectively, and the remuneration to Directors were NT\$4,303,000 and NT\$8,204,000 in 2021 and 2020, respectively. The amount was estimated using the profits before tax and before net of the remuneration in each period to multiply a designated percentage specified in the Articles of Incorporation. The distribution was recorded as operating costs or operating expenses.

The compensation to the employees in 2020 and 2019 were NT\$4,758,000 and NT\$4,992,000, respectively, and the remuneration to the directors were NT\$8,204,000 and NT\$4,992,000, respectively. There is no difference between the actual distribution and the

amount stated on the financial statement. For relevant information, please log on to MOPS hosted by TWSE for inquiry.

20. Other income and expenses

Other income and expenses of the company of the Year 2021 and 2020 as follows:

	<u>Year 2021</u>	<u>Year 2020</u>
Disposal of non-current assets held for sale	\$ -	<u>973,130</u>

21. Non-operating income and expense

(1) Other income

The detail of other income of the Year 2021 and 2020 as show as follows:

	<u>Year 2021</u>	<u>Year 2020</u>
Interest from bank deposit	\$ 36	23
Dividend income	17,103	5,181
Other	2,232	3,648
Less: other income from discontinued operation	-	(1,481)
	<u>\$ 19,371</u>	<u>7,371</u>

(2) Other gains and losses

The detail of other interest and loss of the Year 2021 and 2020 as show as follows:

	<u>Year 2021</u>	<u>Year 2020</u>
Loss of foreign currency exchange	\$ (11,381)	(20,142)
Net gains on financial assets at fair value through profit or loss	49,969	46,441
Losses on disposals of property, plant and equipment	(122)	(5,893)
Impairment loss	-	(45,262)
Other	(51)	(8,488)
Add: Other loss from discontinued operations	-	2,323
	<u>\$ 38,415</u>	<u>(31,021)</u>

(3) Financial cost

The details of financial cost of the Year 2021 and 2020 as follows:

	<u>Year 2021</u>	<u>Year 2020</u>
Interest expense of bank deposit	\$ 45,629	42,992
Interest expense of imputed interest	137	307
	<u>\$ 45,766</u>	<u>43,299</u>

22. Financial Instruments

(1) Credit risk

i. Credit risk exposure

The maximum credit risk exposure of the company's financial assets is equal to their carrying amount.

ii. Concentration of credit risk

The company's account receivable from the customers and securities investment are the main source of credit risk. The customers or the counterpart of the financial instruments failed to perform the obligations of the contract and result in risk of financial impairment.

iii. Credit risk of account receivable

The information on credit risk of note receivable and account receivable, please refer to Note 6 (4).

The related composition of financial assets at amortised (including other receivable), please refer to Note 6(5).

The aforementioned are financial asset at low credit risk and as impairment loss of the 12-month expected credit losses (The description of determine low credit risk of the company, please refer to Note 4(6)).

(2) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying value	Contractual cash flows	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
<b>December 31, 2021</b>							
Floating rate instrument	\$ 3,910,422	4,028,800	603,471	193,661	11,306	1,166,232	2,054,130
Non-interest-bearing liability	140,289	140,289	87,230	7,235	27	32,711	13,086
	<b>\$ 4,050,711</b>	<b>4,169,089</b>	<b>690,701</b>	<b>200,896</b>	<b>11,333</b>	<b>1,198,943</b>	<b>2,067,216</b>
	Carrying value	Contractual cash flows	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
<b>December 31, 2020</b>							
Floating rate instrument	\$ 3,162,160	3,341,301	374,104	306,621	77,225	1,003,250	1,580,101
Non-interest-bearing liability	212,441	212,441	152,650	-	2,684	47,063	10,044
	<b>\$ 3,374,601</b>	<b>3,553,742</b>	<b>526,754</b>	<b>306,621</b>	<b>79,909</b>	<b>1,050,313</b>	<b>1,590,145</b>

The company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(3) Currency risk

i. Risk exposure

The consolidate company's financial assets and financial liability exposed to significant. Currency risk were as follows:

	December 31, 2021			December 31, 2020			
	Foreign Currencies	Exchange rate (Yuan)	New Taiwan Dollars	Foreign Currencies	Exchange rate (Yuan)	New Taiwan Dollars	
<u>Financial Assets</u>							
<u>Monetary assets</u>							
US Dollars	\$	9,477	27.68	262,325	11,204	28.48	319,098

ii. Sensitivity analysis

The company's exposure to foreign currency risk arose from cash and cash equivalents, account receivables, other receivables, loans and borrowings, accounts payable and other payables that were denominated in foreign currencies. A 1% appreciation or depreciation of the TWD against the USD as of December 31, 2021 and 2020 would have increased or decreased the net income after tax from the years ended December 21, 2021 and 2020 by NT\$2,623 thousand and NT\$319 thousand. The analysis was performed on the same basis for both periods.

iii. Foreign exchange gains and loss on monetary item

The information on foreign exchange gain(loss) on monetary items is disclosed by the company in summary. For the December 31, 2021 and 2020, foreign exchange

losses (including realised and unrealised abortions) amounted to NT\$11,381 thousand and NT\$20,142 thousand.

(4) Interest rate risk

Please refer to the note on liquidity risk management for the interest rate exposure of the company's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the increment or decrement by 1% when reporting to the management internally, which also represents the management's assessment of the reasonable interest rate change.

If the interest rate had increased or decreased by 1%, the company's net income before tax would have decreased or increased by NT\$38,120 thousand and NT\$31,255 thousands for the years ended December 31, 2021 and 2020, respectively, with all other variable factors remaining constant. This is mainly due to the company's borrowing and time deposit at floating rates.

(5) Other price risk

The impact to the comprehensive income and loss if the stock price on reporting date changes (The analysis was performed on the same basis for both periods, and if the other variables remain unchanged), as follows:

Stock Price on reporting date	Year 2021		Year 2020	
	Amount of comprehensive income or loss after tax	Post-tax profit or loss	Amount of comprehensive income or loss after tax	Post-tax profit or loss
Increased by 5%	\$ 22,280	15,261	21,060	19,882
Decreased by 5%	\$ (22,280)	(15,261)	(21,060)	(19,882)

(6) Information on fair value

i. Categories and fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2021				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>					
Financial asset at fair value through profit or loss mandatorily	\$ 305,229	305,229	-	-	305,229
<b>Financial Assets at fair value through other comprehensive income</b>					

Unquoted equity instruments at fair value	445,593	-	-	445,593	445,593
Total	<u>\$ 750,822</u>	<u>305,229</u>	<u>-</u>	<u>445,593</u>	<u>750,822</u>

	<b>December 31, 2020</b>				
	<b>Carrying amount</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets at fair value through profit or loss</b>					
Financial asset at fair value through profit or loss mandatorily	401,766	401,766	-	-	401,766
<b>Financial Assets at fair value through other comprehensive income</b>					
Unquoted equity instruments at fair value	421,194	-	-	421,194	421,194
Total	<u>\$ 822,960</u>	<u>401,766</u>	<u>-</u>	<u>421,194</u>	<u>822,960</u>

ii. Valuation techniques and assumptions not used in fair value

The company estimated the instrument of not used in fair value in the method and the assumptions as follows:

(i) Financial assets at amortised cost

If there is an open quotation in the active market, the market price shall be the fair value; if there is no market price for reference, the evaluation method is used to estimate or use the quotation of the counterparties..

(ii) Financial asset and liabilities at amortised

If there is quotation information of the transaction or market maker, the latest transaction price and quotation data shall be used as the basis for evaluating the fair value. If there is no market value for reference, the evaluation method is adopted. The fair value is estimated based on the discounted value of cash flow.

iii. Valuation techniques and assumptions used in fair value determination of financial instrument at fair value

Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If public quotation of financial assets may be obtained from exchange, brokers, underwriters, industry association, pricing service agencies or competent authorities in a timely and frequent manner, and the prices represent actual and frequent fair market transactions, then the financial instrument consider as active market quoted publicly. If the above criteria are not met, the market is regarded as inactive. Generally, significant difference between the buying and selling prices, significant increase in such price difference or the rear transactions are indicators of an inactive market.

The financial instruments held by the company are classified as follows according to the evaluation sources used to determine the fair value:

- Financial instruments with active markets: Shares of listed company, the fair value based on quoted market prices.
- Financial instruments with no active markets: When the financial instrument of

the company is not traded in an active market, its fair value is determined based on the ratio of the quoted market price of the comparative listed company, and the main assumption for the model basis of both the net equity value of the equity of the investee and the equity multiplier derived from the quoted market price of the comparative listed company. The estimated adjustments of the fair value are discounted for its lack of liquidity in the market.

- iv. There is no transformation of any financial asset of the company at the year 2021 and 2020.
- v. Reconciliation of level 3 fair values

	<b>Fair value through other comprehensive income</b>	
	<u>Unquoted equity instruments</u>	
January 1, 2021	\$	421,194
Total profit or loss		
Listed under other comprehensive income		<u>24,399</u>
December 31, 2021	<b>\$</b>	<b><u>445,593</u></b>
January 1, 2020	\$	330,141
Total profit or loss		
Listed under other comprehensive income		<u>91,053</u>
December 31, 2020	<b>\$</b>	<b><u>421,194</u></b>

Above stated total income or loss is recognised as “other income and loss” and “unrealised gains or losses at fair value through other comprehensive income financial asset” . The total income or loss related to the assets held by the date of December 31, 2021 and 2020, as follow:

	<u>Year 2021</u>	<u>Year 2020</u>
Total income or loss		
Recognized as other comprehensive income or loss (listed under the “unrealized gains or losses at fair value through other comprehensive income”)	<b><u>\$ 24,399</u></b>	<b><u>91,053</u></b>

- vi. Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Those categorized as level 3 in fair value measurement are financial assets at fair value through other comprehensive income – equity securities investment.

For fair value measurements categorised within level 3 of the fair value hierarchy quantitative information about significant unobservable inputs used in the fair value measurement, as follows:

<u>Items</u>	<u>Valuation Technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income – investment in equity instrument	Comparable listed company	• Multiplier of market to book ratio (0.67~4.14 and 0.80~2.13 on December 31, 2021 and December 31, 2020 respectively)	• The estimated fair value would increase(decrease) if • the multiplier were higher (lower)

with no active market

- Discount for lack of marketability (25% and 30% on December 31, 2021 and December 31, 2020 respectively)
- the market illiquidity discount were lower(higher)

vii. Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The consolidated company’s measurement of the fair value of financial instruments is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results.

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	Input	Assumptions	Other comprehensive income	
			Favorable	Unfavorable
<b>December 31, 2021</b>				
Financial assets at fair value through other comprehensive income				
equity Investment without active market	Price-to-book multiple	1%	\$ 4,456	(4,456)
	Liquidity discount	1%	5,941	(5,941)
<b>December 31, 2020</b>				
Financial assets at fair value through other comprehensive income				
Equity investment without active market	Price-to-book multiple	1%	4,212	(4,212)
	Liquidity discount	1%	5,616	(5,616)

The favourable and unfavourable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique.

The favourable and unfavourable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique.

23. Financial Risk Management

(1) Overview

The company is exposed to the following risks arising from financial instruments:

- i. Credit risk
- ii. Liquidity risk
- iii. Market risk

This note discloses information about the aforementioned risks the company is exposed to, and its goals, policies, and procedures regarding the measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the financial report.

(2) Risk management framework

The company’s risk management policies are established to identify and analyse the risk faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company’s activities. The company, through its training and management standard and procedures, aims to develop a disciplined and



constructive control environment in which all employees understand their roles and obligations.

(3) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company receivables from customers and investment securities.

i. Trade and other receivables

The company with the vast customers and not significantly concentrated to single customer and spread in distribution region, therefore there is no concern of significant concentrated in the credit risk of account receivable. To reduce the credit risk, the company regularly and continuously evaluating on the clients' financial status and as in practice the company has not request collateral from our clients.

ii. Investments

The credit risk exposure in the bank deposits, fixed income investment and other financial instruments is measured and monitored by the company's finance department. Since those who transact with the company are banks and other external parties with good credit standing, there are no non-compliance issues, and therefore there is no significant credit risk.

iii. Guarantee

The policy of the company stated only provides financial Guarantee to the fully-owned subsidiaries, as until December 31, 2021 and 2020, the company did not provide any endorsement or guarantees to the other.

(4) Liquidity risk

The company aims to maintain the level of its cash and cash equivalents for the operating of the company and reduce the impact of rise and fall of cash flows. The management personnel of the company monitoring the use of short-term bank facilities and ensure the terms and condition of loan contract is complied.

The bank funding is one of the main sources of liquidity to the company. The balance of the company's short-term bank facilities is NT\$912,000 thousand and NT\$830,000 thousand on December 31, 2021 and 2020, respectively.

(5) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptance parameters.

i. Currency risk

The company is exposed to currency risk on sales and purchase transactions that are denominated in a currency other than the respective functional currencies of the consolidated company, primarily TWD. The currencies used in these transactions are the TWD and USD.

With regard to monetary assets and liabilities denominated in a foreign currency, when a short-term risk exposure exists, the company relies on immediate foreign exchange transactions to ensure the net exposure to foreign exchange risk is maintained at an acceptance level.

ii. Interest rate risk

The company maintained in a combination of fixed interest rate and floating interest rate and make the interest rate perspective and the existing risk preference in consistency to ensure the hedging strategy for cost efficient.

iii. Other market price risk

The company listed on exchange OTC and expose the risk in equity price. The equity investment is not for transaction and as strategic investment. The company not involved in the investment of aforementioned transaction. The management personnel of the company manage the risk by holding different risk investment combination.

#### 24. Capital Management

The company is to maintain a strong capital base so as to maintain investors compensation and the interest of other stakeholder to maintain the best capital structure to reduce the funds cost.

To maintain or adjust the structure, the company may adjust the dividends to the shareholders and return the capital to the shareholders by capital reduction, issuing new shares and selling assets to settle the liability.

The company is using debt ratio as basis to control the capital. The ratio is calculated by the net liability divided by total capital. The net liability as the liability listed on the balance sheet and less the cash and cash equivalent. Total amount of capital is the composition of all of the equity (capital stock, capital surplus, retained earnings and other equity) add the net liability.

The capital management strategy of 2021 is consistent with 2020 and maintain the certain debt ratio in order for funding with the reasonable cost.

The Debt ratios of the Republic of China on December 31, 2021 and 2020 are as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total liabilities	\$ 4,064,818	3,378,735
Less: Cash and cash equivalent	130,547	145,998
Net liabilities	3,934,271	4,232,737
Total equity	4,584,810	4,616,304
Adjusted capital	<b>\$ 8,519,081</b>	<b>7,849,041</b>
Debt ratio	<b>46.18%</b>	<b>41.19%</b>

#### vii. Transactions with the related parties

##### 1. Name and relationship with the related parties

Individual financial statement shows the transactions with related parties (subsidiaries of the company and other related parties transacts with the company) as follows:

<u>Name of the related parties</u>	<u>Relationship to the Company</u>
Yi Tong Fiber Co., Ltd.	Subsidiaries of the Company
Kwang Ming Silk Mill Co., Ltd.	Subsidiaries of the Company
Hung Chou Fiber Industry Co., Ltd	Subsidiaries of the Company
Jin Xian Welfare and Charity Foundation	Same chairman as the Company.

##### 2. Major transactions with the related parties

###### (1) Operating revenue

The amount of major transactions with the related parties show as follows:

	<b>Year 2021</b>	<b>Year 2020</b>
Subsidiaries		
Kwang Ming Silk Mill Co., Ltd.	\$ -	2,188
Hung Chou Fiber Industry Co., Ltd	-	526
	<b>\$ -</b>	<b>2,714</b>

The sales price to the related parties is set by the quotation of the price of the raw

material and is not significantly different from those sales to third parties. The term of credit for the sale of goods to related party and general non related parties is about 30 days for the monthly settlement of domestic sales, and the term of credit for non-related parties is about 30 days for the monthly settlement of domestic sales and 90-180 days for the export sales. Receivables between related parties do not involve collateral, and after evaluation, there is no need to make provision for bad debt expenses.

(2) Purchase

The amount of purchase from the related parties as follows:

	<u>Year 2021</u>	<u>Year 2020</u>
Subsidiaries		
Kwang Ming Silk Mill Co., Ltd.	\$ 132,516	81,923
Hung Chou Fiber Industry Co., Ltd	-	(932)
	<u>\$ 132,516</u>	<u>80,991</u>

There is no difference in the purchase price of the above-mentioned companies and the third parties' companies; the payment period is 30 to 60 days with no significantly difference from third parties' companies.

(3) Account receivable with the related parties

The details of account receivable with the related parties as follows:

<u>Listed account items</u>	<u>Related Party Categories</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other receivable	Subsidiaries – Hung Chou Fiber Industry Co., Ltd	-	1,123
		<u>\$ -</u>	<u>1,123</u>

(4) Account payable with the related parties

The details of account payable with the related parties as follows:

<u>Listed account items</u>	<u>Related Party Categories</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Account payable	Subsidiaries – Kwang Ming Silk Mill Co., Ltd.	8,253	18,365
		<u>\$ 8,253</u>	<u>18,365</u>

(5) Contract of leasing

The office of the company is leased from the related parties; the rental expense as follows:

<u>Lessor</u> <u>Year 2021</u>	<u>Subject matter for lease</u>	<u>Period</u>	<u>Monthly Rent before tax</u>	<u>Rent expense</u>	<u>Payment method</u>
Subsidiaries – Yi Tong Fiber Co., Ltd.	7th Floor, No.607, Ruiguang Rd., Neihu Dist., Taipei City	January 1, 2021 ~ December 31, 2021	\$ 150	<u>1,800</u>	Monthly payment

<u>Lessor</u> <u>Year 2020</u>	<u>Subject matter for lease</u>	<u>Period</u>	<u>Monthly Rent before tax</u>	<u>Rent expense</u>	<u>Payment method</u>
Subsidiaries – Yi Tong Fiber Co., Ltd.	7th Floor, No.607, Ruiguang Rd., Neihu Dist., Taipei City	January 1, 2020 ~ December 31, 2020	\$ 150	<u>1,800</u>	Monthly payment

(6) Others

- i. The company donates NT\$2,000 thousand and to NT\$1,500 thousand Jin Xian Welfare and Charity Foundation on the year 2021 and 2020.
- ii. In fiscal 2021, the Company acquired equity in Yi Tong Fiber Co., Ltd., a subsidiary under the equity method, from its subsidiary, Kwang Ming Silk Mill Co., Ltd for NT\$13,078,000.

iii. The development project of the company and with its subsidiaries, please refer to Note 9 for description.

3. Transactions with key management personnel  
Compensation to the key management personnel

	Year 2021	Year 2020
Short-term employee benefits	<u>\$ 17,228</u>	<u>16,329</u>

viii. **Pledged Assets as Collaterals**

The detail of book value of the pledged assets as follows:

Assets	Subject matter for pledge guarantee	December 31, 2021	December 31, 2020
Investment Property	Long-term and short-term loan	<u>\$ 4,835,233</u>	<u>3,893,097</u>

ix. **Commitments and contingencies**

1. Significant unrecognized contractual commitments:

- (1) The contract signed for purchase of property were NT\$462,803 thousand and NT\$1,419,348 thousand and paid according to the contract (listed under other current liabilities) were NT\$92,570 thousand and NT\$285,415 thousand on the date of December 31, 2021 and December 31, 2020, respectively.
- (2) The board of directors of the company approved the joint land development with Farglory Land Development Co., Ltd. on the date of January 29, 2019. The expected ratio of allocating housing will be 64.00%, and will be used in operating headquarters and for rent and trading to increase in rental income and capital. The deposit received for joint development were NT\$30,000,000 and NT\$45,000,000 on the date of December 31, 2021 and December 31, 2020.

2. Contingent liabilities

The promissory note issued by the company for the purpose of purchasing raw materials and loan funding on December 31, 2021 and 2020 were NT\$301,111,000 , respectively.

x. **Loss due to major disasters: None**

xi. **Major Subsequent Events: None**

xii. **Other**

Employees' benefit, depreciation, damage and amortised expense are compiled as follows:

Character	Year 2021			Year 2020			
	Belongs to operating cost	Belongs to operating expense	Total	Belongs to operating cost	Belongs to operating expense	Discontinued operations	Total
<b>Classification</b>							
Employee benefits expenses							
Salaries expenses	-	14,730	14,730	-	19,969	5,441	25,410
Labor and Health care expenses	-	1,722	1,722	-	1,795	253	2,048
Pension expenses	-	825	825	-	879	135	1,014
Directors' remuneration	-	9,656	9,656	-	15,805	-	15,805
Other employee benefits expense	-	1,012	1,012	-	1,094	154	1,248

Depreciation expense	26,877	1,160	28,037	14,988	546	480	16,014
Amortizations	-	-	-	-	-	944	944

The additional information of number of employees and the expense of employees' benefit on 2021 and 2020 as follows:

	<u>Year 2021</u>	<u>Year 2020</u>
Number of employees	<u>26</u>	<u>36</u>
Number of directors who do not serve concurrently as an employee or officer	<u>6</u>	<u>6</u>
Average expense of employee benefits	<u>\$ 914</u>	<u>991</u>
Average expense of employee salary	<u>\$ 737</u>	<u>847</u>
Adjusted Average expense of employee salary	<u>(12.99)%</u>	
Remuneration to supervisors	<u>\$ -</u>	<u>-</u>

The information of the salaries and compensation policy as follows:

Due to the huge quantity of our employees with different nature of work, the compensation system is set, added to the basic salary, in order to manage and calculate.

Duty allowance: Duty allowance is given monthly according to the duty and the rank of the employee.

All sorts of allowance: Allowance and bonus is given monthly according to the content of the duty.

Performance bonuses: Bonus is given with different performance.

Overtime pay: The company pays and calculates the overtime pay according to the Article 24 of Labour Standard Acts.

Board expenses: The board expenses are given by the company with NT\$2,400 per month per person.

### xiii. Additional disclosure

#### 1. Information on major transactions

The company shall disclose other major transactions of 2021 according to the "Regulations Governing the Preparation of Financial Reports by Securities Issue" as follows:

(1) Loan funding to others: None

(2) Endorsement or guarantees to others: None

(3) Securities hold at the end of the period (excluding investing in subsidiaries, affiliated enterprise and joint ventures):

Unit: Thousands of New Taiwan Dollars

Company of shareholding	Nature and name Of security	Relationship With the securities issuers	Account name	End of Period				Remark
				Number of shares	Book Value	Holding Percentage	Market Value	
Yi Jinn Industrial Corp. Limited.	Shares of Cheng Shin Rubber Industry Co., Ltd.	None	Fair value through profit or loss financial assets – current	790,000	28,519	0.02 %	28,519	
"	Shares of Asia Cement Corporation	"	"	3,594,000	159,214	0.04 %	159,214	
"	Shares of Taiwan Cement Corporation	"	"	1,301,000	62,448	0.02 %	62,448	
"	Shares of Hua Nan Financial Holding Co., Ltd.	"	"	225	5	0.01 %	5	
"	Shares of Far Eastern New Century Corporation	"	"	1,500,000	43,950	0.03 %	43,950	
"	Shares of First Financial Holding Co., Ltd.	"	"	360	9	0.01 %	9	
"	Shares of Hongyi Fiber Industry Co., Ltd.	"	"	458,000	11,084	0.35 %	11,084	
"	Shares of Ho Chi Tang Investment Co., Ltd.	"	Fair value through other comprehensive income financial assets - non-current	2,430,530	7,670	14.75 %	7,670	
"	Shares of Kuanz Ho Securities	The company as the legal entity director	"	6,866,506	172,487	15.58 %	172,487	

"	Shares of COCONA,INC.	None	"	3,225,018	64,157	2.79 %	64,157	
"	Shares of YaMai (Hong Kong Limited)	"	"	11,700,000	30,879	10.17 %	30,879	
"	Shares of Nice Plaza Co., Ltd.	The company as the legal entity director	"	15,000,000	170,400	8.68 %	170,400	
Yi Tong Fiber Co., Ltd.	Shares of Cheng Shin Rubber Industry Co., Ltd.	None	Fair value through profit or loss financial assets – current	800,000	28,880	0.02 %	28,880	
"	Shares of Taiwan Cement Corporation	"	"	1,950,000	86,385	0.06%	86,385	
"	Shares of Yi Shin Textile Co., Ltd.	"	"	445,000	20,937	0.66 %	20,937	
"	Shares of Yi Jinn Industrial Corp. Limited.	Ultimate parent entity	Fair value through other comprehensive income financial assets - non-current	57,954,410	1,133,009	19.21 %	1,133,009	
"	Shares of KHH Arena Corporation	None	"	1,000,000	10,250	0.40 %	10,250	
"	Xin Mao Investment Co., Ltd.	Subsidiaries of Parent company	"	-	-	12.15 %	-	Note 1
"	Shares of Taiwan Incubator SME Development Corporation	The company as the legal entity director	"	2,425,280	23,259	3.44 %	23,259	
"	Shares of The First Leasing Corporation	The company as the legal entity director	"	3,072,325	82,191	13.97 %	82,191	
Da Tian International Co., Ltd.	Shares of Yi Shin Textile Co., Ltd.	None	Fair value through profit or loss financial assets – current	1,668,000	78,479	2.78 %	78,479	
Xin Mao Investment Co., Ltd.	Shares of Yi Jinn Industrial Corp., Limited.	Ultimate parent entity	"	20,610,470	402,935	6.80 %	402,935	Note 2
"	Shares of Hung Chou Fiber Industry Co., Ltd.	Subsidiaries of Parent company	"	152,000	1,642	0.12 %	1,642	
"	Shares of Kwang Ming Silk Mill Co., Ltd.	"	"	50,000	1,673	0.12 %	1,673	
"	Shares of Yi Shin Textile Co., Ltd.	"	"	1,784,064	82,246	2.91 %	82,246	
"	Shares of Ho Chi Tang Investment Co., Ltd.	None	Fair value through other comprehensive income financial assets - non-current	150,000	473	0.91 %	473	
"	Shares of Cheering Knitting industrial Co., Ltd.	"	"	25,400	393	0.58 %	393	
"	Shares of I Jinn Industrial Co., Ltd.	"	"	105,000	2,166	0.60 %	2,166	
Kwang Ming Silk Mill Co., Ltd.	Shares of Taiwan Cement Corporation	"	Fair value through profit or loss financial assets – current	1,300,000	57,590	0.04 %	57,590	
"	Shares of Yi Shin Textile Co., Ltd.	"	"	362,000	17,032	0.54 %	17,032	
Hung Chou Fiber Industry Co., Ltd.	Shares of China Man-made Fiber Co., Ltd.	"	Fair value through other comprehensive income financial assets - current	278	3	- %	3	
"	Shares of Taiwan Filament Weaving Development Co., Ltd.	"	Fair value through other comprehensive income financial assets - non-current	2,175,660	10,369	3.57 %	10,369	
Da Yi International Development Co., Ltd.	Shares of Yi Shin Textile Co., Ltd.	"	Fair value through profit or loss financial assets – current	16,000	753	0.02 %	753	

Note 1: Investments transferred to equity method in October 2021

Note 2: Pledged for 13,500,000 shares.

(4) The cumulative amount of purchases or sales of the same securities reaches NT\$300 million or 20% of the paid-in capital:

Unit: NT\$1,000

Buy/Sell of Company	Type & Name of Marketable Securities	Accounts Category	Trading counterparty	Relationship	Beginning of period		Buy		Sell				End of period	
					No. of shares	Amount	No. of shares	Amount	No. of shares	Selling Price	Carrying Cost	Disposal Profit or loss	No. of shares	Amount
Kwang Ming Silk Mill Co., Ltd.	Stock-Asia Cement Corporation	Financial assets at fair value	-	-	700,000	30,240	2,100,000	93,444 (Note)	1,500,000	72,429	66,094	6,335	1,300,000	57,590
"	Stock-Formosa Chemicals and Fibre	"	-	-	401,000	33,965	550,000	43,450 (Note)	951,000	81,370	77,415	3,956	-	-

	Corporation													
"	Stock-Taiwan Cement Ltd.	"			1,100,000	47,520	1,000,000	46,074	2,100,000	103,909	93,594	10,115	-	-

Note: The purchase amount includes the valuation adjustments related to financial assets recognized at fair value.

- (5) The amount of acquired properties exceeds Three hundred thousand New Taiwan Dollars or 20% of the total capital received:

Unit: Thousands of New Taiwan Dollars

Company of Acquired real estate	Name of property	Date of Occurrence of the fact	Amount of Transactions	Condition of payment	Trading parties	Relationship	If the transaction parties is related parties, the information of previous transfer				Price determination and supporting reference	Purpose of acquired and condition of using	Other matters agreed
							Owners	The relationship with the issuer	The date transferred	Amount			
The Company	Land and building of Gongjian Section, Xizhi District, New Taipei City	July 26, 2018	956,571	239,571 (Note)	Kuo Yang Construction Co., Ltd.	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	
The Company	Land and building of Haotian Section, Xizhi District, New Taipei City	December 30, 2020	462,803	92,570	Farglory Land Development Co., Ltd. And Farglory International Investment Co., Ltd.	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	
Kwang Ming Silk Mill Co., Ltd.	Land and building of Haotian Section, Xizhi District, New Taipei City	February 19, 2021	233,024	233,024 (Note)	Farglory Land Development Co., Ltd. And Farglory International Investment Co., Ltd.	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	
Yi Tong Fiber Co., Ltd.	Land and building of Haotian Section, Xizhi District, New Taipei City	December 24, 2021	669,768	47,173	Farglory Land Development Co., Ltd. And Farglory International Investment Co., Ltd.	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	

Note: The transfer of ownership will be completed in 2021.

- (6) The amount of disposal properties exceeds Three hundred thousand New Taiwan Dollars or 20% of the total capital received:

Unit: Thousands of New Taiwan Dollars

Company of disposing property	Name of the assets	Date of occurrence of the fact	Acquired date	Book Value	Amount of Transactions	Condition of Receiving	Income and loss from disposal (Note)	Parties of transaction	relationship	Purpose of disposal	Price determination and supporting evidence	Other matters agreed
Yi Tong Fiber Co., Ltd.	Land and buildings in Hukou Township, Hsinchu County	December 2, 2021	February 28, 2011	430,306	2,471,817	-	(Note)	Shin Zu Shing Co., Ltd.	Third Parties	Revitalizing and use of assets	Appraisal Report	

Note: As of December 31, 2021, the transfer process has not been completed.

- (7) The amount of purchase or sell exceed One Hundred Million New Taiwan Dollars or 20% of the capital received:

Unit: Thousands of New Taiwan Dollars

Company of Purchase or Sales	Name of Trading Subject	Relationship	Trading Status				Situation and reasons in difference of trading conditions with normal tradings		Note, Account receivable (payable)		Remark
			Purchase or Sales	Amount	Ratio to the total purchase or sales	Credit Period	Unit Price	Credit Period	Balance	Ratio to the total Note, Account receivable (payable)	
Yi Jinn Industrial Corp., Limited.	Kwang Ming Silk Mill Co., Ltd.	Subsidiary	Purchase	132,516	37.32%	Credit on 30 days	-	-	(8,253)	(5.34)%	
Kwang Ming Silk Mill Co., Ltd.	Yi Jinn Industrial Corp., Limited.	parent company	Sales	(132,516)	14.45%		-	-	8,253	6.51%	
Hung Chou Fiber Industry Co., Ltd.	Persons with significant influence on the company	associate(s)	Sales	(465,614)	15.70%	Credit on 15 days	The sales price to the related parties are set by the quotation of the price of the raw material and were not significantly different from those sales to third parties	15 Days	29,062	27.55%	
Kwang Ming Silk Mill Co., Ltd.	Hung Chou Fiber Industry Co., Ltd.	associate(s)	Purchase	465,614	64.26%				(29,062)	(75.43)%	

(8) Account receivable from the related parties exceed One Hundred Million New Taiwan Dollars or 20% of the Capital received: N/A

(9) Financial derivative transactions: N/A

2. Information on reinvesting enterprise:

The company's reinvestment business information for 2021 is as follows (excluding mainland investee companies):

Unit: Thousands of New Taiwan Dollars

Investing company Name	Investee company Name	Location	Main operating business	Initial investing amount		Holdings at the end of period			Investee company Current Profit and loss	Listed of the Period Investment Profit and Loss	Remark
				End of Period	End of last year	Shares	Rate	Book Value			
Yi Jinn Industrial Corp. Limited.	Yi Tong Fiber Co., Ltd.	Taiwan	Real Estate Rental or trading	462,840	449,762	41,442,559	46.81%	444,907	118,522	28,109	Subsidiaries
Yi Jinn Industrial Corp. Limited.	Xin Mao Investment Co., Ltd.	Taiwan	Investment	298,091	298,091	5,959,886	35.33%	5,893	120,660	15,492	"
Yi Jinn Industrial Corp. Limited.	Kwang Ming Silk Mill Co., Ltd.	Taiwan	Cotton filament, artificial fibre and others manufacturing, processing and trading business	474,758	474,758	15,586,193	38.53%	671,541	82,605	36,170	"
Yi Jinn Industrial Corp. Limited.	Hung Chou Fiber Industry Co., Ltd	Taiwan	Synthetic fibres, plastic filament manufacturing, processing and trading business	249,778	249,778	36,601,000	27.70%	493,897	106,311	28,854	"
Yi Jinn Industrial Corp. Limited.	Da Tian International Co., Ltd.	Taiwan	Housing and Building Development	100,000	100,000	10,000,000	33.33%	115,388	40,462	13,488	"
Yi Jinn Industrial Corp. Limited.	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	612,500	612,500	61,250,000	61.25%	503,627	(19,240)	(10,547)	"
Yi Tong Fiber Co., Ltd.	Kwang Ming Silk Mill Co., Ltd.	Taiwan	Cotton filament, artificial fibre and others manufacturing, processing and trading business	98,507	98,507	3,246,900	8.03%	141,570	82,605		Exempted from disclosure
Yi Tong Fiber Co., Ltd.	Hung Chou Fiber Industry Co., Ltd	Taiwan	Synthetic fibres, plastic filament manufacturing, processing and trading business.	65,000	65,000	10,000,000	7.57%	183,513	106,311		"
Yi Tong Fiber Co., Ltd.	Chu Sing Industrial CO., Ltd.	Taiwan	All sorts of man-made, natural fibre manufacturing, processing and trading business	22,185	22,185	269,285	31.09%	26,595	104		associate(s)
Yi Tong Fiber Co., Ltd.	Da Tian International Co., Ltd.	Taiwan	Housing and Building Development	75,000	75,000	7,500,000	25.00%	86,548	40,462		Subsidiaries
Yi Tong Fiber Co., Ltd.	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	10,000	10,000	1,000,000	1.00%	9,439	(19,240)		"
Yi Tong Fiber Co., Ltd.	Xin Mao Investment Co., Ltd.	Taiwan	Investment	20,500	20,500	2,050,000	12.15%	50,884	120,660		"
Kwang Ming Silk Mill Co., Ltd.	Hung Chou Fiber Industry Co., Ltd	Taiwan	Synthetic fibres, plastic filament manufacturing, processing and trading business.	45,500	45,500	7,000,000	5.30%	128,484	106,311		"
Kwang Ming Silk Mill Co., Ltd.	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	100,625	100,625	10,062,500	10.06%	82,935	(19,240)		"
Hung Chou Fiber Industry Co., Ltd	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	61,875	61,875	6,187,500	6.19%	50,998	(19,240)		"
Da Tian International Co., Ltd.	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	40,000	40,000	4,000,000	4.00%	32,968	(19,240)		"

3. Information on investment in Mainland China: N/A

4. Information on major shareholders:

Name of main shareholders	Shares	Amount of Shareholding	Ratio of Shareholding
Yi Tong Fiber Co., Ltd.		57,954,410	19.21%
CHANG, CHENG-TIEN		24,010,494	7.95%
Xin Mao Investment Co., Ltd.		20,610,470	6.83%
Yi JINN INDUSTRIAL CO., Ltd.		16,669,717	5.52%

xiv. Segment information

Please refer to the 2021 Consolidated Financial Statement.



Company Chop : Yi Jinn Industrial Co., Ltd.

Chairman : Chan, Cheng-Tien