

**TST GROUP HOLDING LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2022 AND 2021**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

TST GROUP HOLDING LTD.
DECEMBER 31, 2022 AND 2021 CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000252

To the Board of Directors and Stockholders of TST Group Holding Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of TST Group Holding Ltd. and subsidiaries (the “Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Timing of revenue recognition

Description

Refer to Note 4(25) for a description of accounting policy on revenue recognition and Note 6(17) for details of revenue. The Group's major products are raw materials such as greige and coloured fabrics for the midstream and upstream of textile industry. The Group recognises revenue when the control of promised goods is transferred to the buyers. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. As the timing of revenue recognition involves management's judgement and the transaction amounts before and after the balance sheet date are significant to the financial statements, the timing of sales revenue recognition was identified as a key audit matter.

How our audit addressed the matter

We performed the following procedures in relation to the above key audit matter:

1. Obtained an understanding and evaluated the operating procedures and internal controls over sales revenue, and tested those controls.
2. Performed confirmation of accounts receivable and sales revenue in order to confirm that the amounts from counterparties are consistent with the records. If there are differences, tested the reconciling items made by the Company in order to confirm whether the significant differences have been adjusted.

3. Inspected sales revenue and verified supporting documents to ensure the timing of sales revenue recognition is appropriate.
4. Performed cut-off test of sales transactions around the fiscal year-end date and verified corroboration of sales revenue recognition to confirm whether revenue is recognised in the proper period.

Allowance for inventory valuation losses

Description

Refer to Note 4(11) for a description of the accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for information on the allowance for inventory valuation losses. As of December 31, 2022, the balances of inventories and allowance for inventory valuation losses were NT\$984,081 thousand and NT\$41,394 thousand, respectively.

The Group is primarily engaged in the manufacturing and sales of cotton fabric in the textile industry. As the raw material prices of textile products fluctuate continuously and the market is highly competitive, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Group's inventory is stated at the lower of cost or net realisable value. For inventory that is over a certain age, the loss is recognised based on the net realisable value.

The industry's raw material prices fluctuate continuously, and the net realisable value involves subjective judgement which results in a high degree of uncertainty when assessing obsolete or slow-moving inventories. As the inventory and allowance for inventory valuation losses are material to the financial statements, the assessment of allowance for inventory valuation losses was identified as a key audit matter.

How our audit addressed the matter

We performed the following procedures in relation to the above key audit matters:

1. Assessed whether the policies on allowance for inventory valuation losses were consistently applied in all the periods and met the applicable accounting principles based on our understanding of the Group's operations and the characteristics of its industry.

2. Reviewed the details of the individually obsolete inventories, checked the related supporting documents and verified with the data obtained from observing the annual physical count of inventory.
3. Inspected and tested the preparation logic and the basis of market value used in the net realisable value report and validated the accuracy of net realisable calculation of selected samples.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

Juanlu, Man-Yu

Lin, Ya-Hui

For and on behalf of PricewaterhouseCoopers, Taiwan

March 22, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TST GROUP HOLDING LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 907,417	21	\$ 740,504	15
1150	Notes receivable, net	6(3)	87,804	2	202,085	4
1170	Accounts receivable, net	6(3)	619,428	14	1,103,868	23
1200	Other receivables	6(4)	92,370	2	112,117	3
130X	Inventory	6(5)	942,687	22	1,557,951	32
1470	Other current assets	6(1) and 8	68,750	2	50,708	1
11XX	Total current assets		2,718,456	63	3,767,233	78
Non-current assets						
1600	Property, plant and equipment	6(6)	1,125,414	26	776,276	16
1755	Right-of-use assets	6(7)	425,874	10	269,127	5
1780	Intangible assets		406	-	510	-
1840	Deferred tax assets	6(24)	10,960	-	8,215	-
1900	Other non-current assets		30,916	1	36,173	1
15XX	Total non-current assets		1,593,570	37	1,090,301	22
1XXX	Total assets		\$ 4,312,026	100	\$ 4,857,534	100

(Continued)

TST GROUP HOLDING LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Liabilities						
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 46,902	1	\$ 216,881	4
2150	Notes payable		64,464	1	487,372	10
2170	Accounts payable		647,474	15	1,159,044	24
2180	Accounts payable to related parties	7	-	-	125,611	3
2200	Other payables	6(10)	292,933	7	223,287	5
2220	Other payables to related parties	7	2,198	-	1,018	-
2230	Current income tax liabilities		80,436	2	44,623	1
2280	Current lease liabilities		24,381	1	19,366	-
2320	Long-term liabilities, current portion	6(11)	68	-	245	-
2399	Other current liabilities	6(17)	49,909	1	7,444	-
21XX	Total current liabilities		1,208,765	28	2,284,891	47
Non-current liabilities						
2540	Long-term borrowings	6(11)	-	-	61	-
2570	Deferred income tax liabilities	6(24)	15,874	-	14,304	-
2580	Non-current lease liabilities		61,136	2	63,794	2
2600	Net defined benefit liability - non-current		473	-	426	-
25XX	Total non-current liabilities		77,483	2	78,585	2
2XXX	Total liabilities		1,286,248	30	2,363,476	49
Equity						
	Share capital	6(14)				
3110	Share capital - common stock		383,698	9	315,000	6
	Capital surplus	6(15)				
3200	Capital surplus		1,661,359	38	1,614,016	33
	Retained earnings	6(16)				
3320	Special reserve		245,763	6	193,419	4
3350	Unappropriated retained earnings		822,401	19	638,188	13
	Other equity interest					
3400	Other equity interest		(76,973)	(2)	(245,763)	(5)
3500	Treasury shares	6(14)	(10,470)	-	(20,802)	-
3XXX	Total equity		3,025,778	70	2,494,058	51
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant event after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 4,312,026	100	\$ 4,857,534	100

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

TST GROUP HOLDING LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2022		2021	
Items		Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(17)	\$ 7,429,114	100	\$ 7,418,374	100
5000	Operating costs	6(5)(22)(23) and 7	(6,165,807)	(83)	(6,334,152)	(85)
5900	Net operating margin		1,263,307	17	1,084,222	15
5950	Net operating margin		1,263,307	17	1,084,222	15
	Operating expenses	6(12)(22)(23)				
6100	Selling expenses		(145,970)	(2)	(184,933)	(2)
6200	General and administrative expenses		(559,110)	(8)	(488,947)	(7)
6300	Research and development expenses		(14,744)	-	(11,074)	-
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		(1,763)	-	8,773	-
6000	Total operating expenses		(721,587)	(10)	(676,181)	(9)
6900	Operating profit		541,720	7	408,041	6
	Non-operating income and expenses					
7100	Interest income	6(18)	7,534	-	7,039	-
7010	Other income	6(19)	30,149	-	18,094	-
7020	Other gains and losses	6(20)	(35,606)	-	(14,435)	-
7050	Finance costs	6(21)	(9,401)	-	(6,098)	-
7000	Total non-operating income and expenses		(7,324)	-	4,600	-
7900	Profit before income tax		534,396	7	412,641	6
7950	Income tax expense	6(24)	(92,355)	(1)	(76,509)	(1)
8000	Profit for the year from continuing operations		442,041	6	336,132	5
8200	Profit for the year		\$ 442,041	6	\$ 336,132	5
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements		\$ 216,862	3	(\$ 52,344)	(1)
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		216,862	3	(52,344)	(1)
8300	Other comprehensive income for the year		\$ 216,862	3	(\$ 52,344)	(1)
8500	Total comprehensive income for the year		\$ 658,903	9	\$ 283,788	4
	Profit attributable to:					
8610	Owners of the parent		\$ 442,041	6	\$ 336,132	5
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 658,903	9	\$ 283,788	4
	Basic earnings per share	6(25)				
9750	Basic earnings per share		\$ 11.74		\$ 8.94	
	Diluted earnings per share	6(25)				
9850	Diluted earnings per share		\$ 11.72		\$ 8.93	

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

TST GROUP HOLDING LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Notes	Equity attributable to owners of the parent								
	Capital Reserves			Retained Earnings		Other equity interest			Total equity
	Share capital - common stock	Capital surplus, additional paid-in capital	Capital Surplus, restricted stock	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Other equity, others	Treasury shares	
<u>2021</u>									
Balance at January 1, 2021	\$ 315,000	\$ 1,614,016	\$ -	\$ 122,946	\$ 576,298	(\$ 193,419)	\$ -	(\$ 20,802)	\$ 2,414,039
Profit	-	-	-	-	336,132	-	-	-	336,132
Other comprehensive loss	-	-	-	-	-	(52,344)	-	-	(52,344)
Total comprehensive income (loss)	-	-	-	-	336,132	(52,344)	-	-	283,788
Appropriation of earnings	6(16)								
Special reserve	-	-	-	70,473	(70,473)	-	-	-	-
Cash dividends	-	-	-	-	(203,769)	-	-	-	(203,769)
Balance at December 31, 2021	\$ 315,000	\$ 1,614,016	\$ -	\$ 193,419	\$ 638,188	(\$ 245,763)	\$ -	(\$ 20,802)	\$ 2,494,058
<u>2022</u>									
Balance at January 1, 2022	\$ 315,000	\$ 1,614,016	\$ -	\$ 193,419	\$ 638,188	(\$ 245,763)	\$ -	(\$ 20,802)	\$ 2,494,058
Profit	-	-	-	-	442,041	-	-	-	442,041
Other comprehensive income	-	-	-	-	-	216,862	-	-	216,862
Total comprehensive income (loss)	-	-	-	-	442,041	216,862	-	-	658,903
Appropriation of earnings	6(16)								
Special reserve	-	-	-	52,344	(52,344)	-	-	-	-
Cash dividends	-	-	-	-	(141,071)	-	-	-	(141,071)
Stock dividends of ordinary share	6(14)	62,698	-	-	(62,698)	-	-	-	-
Treasury shares sold to employees	6(13)(14)	-	-	-	(1,715)	-	-	10,332	8,617
Issuance of employee restricted stock	6(13)(14)	6,000	47,343	-	-	-	(53,343)	-	-
Compensation cost of share-based payment		-	-	-	-	-	5,271	-	5,271
Balance at December 31, 2022	\$ 383,698	\$ 1,614,016	\$ 47,343	\$ 245,763	\$ 822,401	(\$ 28,901)	(\$ 48,072)	(\$ 10,470)	\$ 3,025,778

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

TST GROUP HOLDING LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 534,396	\$ 412,641
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(22)	155,492	131,044
Amortization	6(22)	112	70
Expected credit loss (gain)	12(2)	1,763	(8,773)
Interest income	6(18)	(7,534)	(7,039)
Interest expense	6(21)	9,401	6,098
Compensation cost of share-based payment	6(13)	5,271	-
Loss on disposal of property, plant and equipment	6(20)	6,268	721
Impairment loss	6(20)	18,090	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		114,281	(161,171)
Accounts receivable, net		482,677	(330,101)
Other receivables		19,747	(64,208)
Inventory		615,264	(770,319)
Other current assets		(15,374)	(4,700)
Changes in operating liabilities			
Notes payable		(422,908)	231,862
Accounts payable to related parties		(125,611)	125,611
Accounts payable		(511,570)	281,419
Other payable to related parties		1,180	110
Other payables		17,411	(23,414)
Other current liabilities		42,465	6,109
Cash inflow (outflow) generated from operations		940,821	(174,040)
Interest received		7,534	7,039
Interest paid		(9,401)	(6,098)
Income taxes paid		(63,676)	(108,376)
Net cash flows from (used in) operating activities		875,278	(281,475)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in other financial assets		(2,668)	834
Acquisition of property, plant and equipment	6(26)	(350,259)	(103,716)
Proceeds from disposal of property, plant and equipment		2,206	3,581
Decrease in refundable deposits		663	3,192
Acquisition of intangible assets		-	(399)
Acquisition of right-of-use assets	6(26)	(144,117)	(39,627)
Decrease (increase) in other non-current assets		4,594	(3,527)
Net cash flows used in investing activities		(489,581)	(139,662)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term loans		(169,979)	172,406
Repayments of long-term debt		(238)	(7,381)
Increase (decrease) in guarantee deposits received		47	(13)
Payments of lease liabilities		(28,577)	(22,479)
Cash dividends paid	6(16)	(141,071)	(203,769)
Treasury shares sold to employees		8,617	-
Net cash flows used in financing activities		(331,201)	(61,236)
Effect of foreign exchange translations		112,417	(27,674)
Net increase (decrease) in cash and cash equivalents		166,913	(510,047)
Cash and cash equivalents at beginning of year		740,504	1,250,551
Cash and cash equivalents at end of year		\$ 907,417	\$ 740,504

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

TST GROUP HOLDING LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. History and Organization

TST Group Holding Ltd. (the “Company”), formerly Bumper World Group (Cayman) Holdings Limited, was incorporated as a company in the Cayman Islands in May 2013. The address of the Company’s registered office is P.O. Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands. The Company has completed the Group restructuring in June 2018. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the manufacture and sales of textile.

The stocks of the Company were officially listed on the Taiwan Stock Exchange (“TWSE”) on December 5, 2019.

2. Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 22, 2023.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International

Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for financial assets at fair value through profit or loss, the consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

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

liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
The Company	BUMPER WORLD GROUP HOLDINGS LIMITED (Bumper BVI)	Holding company	100%	100%	
The Company	TST International Group Limited (TST)	Holding company	100%	100%	
Bumper BVI	TOP SPORTS TEXTILE LTD. (TOP SPORTS)	Manufacturer	100%	100%	
TST	THRIVE NATION GROUP LIMITED (THRIVE)	Holding company	100%	100%	
TST	T-TRON INVESTMENT HOLDINGS LIMITED (T-TRON)	Holding company	100%	0%	Note
TST	TOP STAR TEXTILE LIMITED (Top Star)	Sales company	100%	100%	
TST	CHINTEX ENTERPRISES LIMITED	Sales company	100%	100%	
TST	GUANGZHOU RUNWELL KNITS TEXTILE	Sales company	100%	100%	
CHINTEX ENTERPRISES LIMITED	GUANGZHOU CHINTEX MANAGEMENT CONSULTING CO., LTD.	Management consulting company	100%	100%	
Top Star	TOP STAR TEXTILE VIEINAM COMPANY LIMITED (TST Vietnam)	Manufacturing company	100%	100%	
THRIVE	Top Sports Textile Vietnam Co., Ltd. (TSP Vietnam)	Manufacturing company	100%	100%	

Note : The Group acquired 100% control in T-TRON on September 7, 2022.

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is United States dollars; however, the consolidated financial statements are presented in New Taiwan dollars under the regulations of the regulatory authorities.

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

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

subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

- (c) The Group's financial statements were translated into New Taiwan dollars based on the average exchange rates of USD1=NTD 29.8044 and USD1=NTD 28.0088 for the years ended December 31, 2022 and 2021, respectively. The closing exchange rates as of December 31, 2022 and 2021 were USD1=NTD 30.710 and USD1=NTD 27.680, respectively.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

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

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

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

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or

exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(13) Property, plant and equipment

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

Buildings and structures	5 ~ 50 years
Machinery and equipment	5 ~ 10 years
Office equipment	2 ~ 5 years
Transportation equipment	4 ~ 5 years
Other equipment	5 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 10 years.

(16) Impairment of non-financial assets

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

(17) Borrowings

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

(18) Notes and accounts payable

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

(19) Derecognition of financial liabilities

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

(20) Employee benefits

A. Short-term employee benefits

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

B. Pensions

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

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

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

(21) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date.

Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
- (c) For restricted stocks where employees do not need to pay to acquire those stocks, if the Group will pay the employees who resign during the vesting period to repurchase the stocks, the Group estimates such payments that will be made and recognises such amounts as compensation cost and liability at the grant date, in accordance with the terms of restricted stocks.

(22) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. Different tax regulations are applicable to the Group according to the countries where the companies are registered:
 - (a) Companies that are registered in the Cayman Islands and British Virgin Islands are exempted from income tax in accordance with local regulations.
 - (b) Income taxes of companies that are registered in Mainland China are calculated in accordance with the “Law of the People’s Republic of China on Enterprise Income Tax” and its implementation and related notification letters.
 - (c) For companies that are registered in the Hong Kong Special Administrative Region of the People’s Republic of China, only income sourced in Hong Kong is taxable under the rules of Hong Kong’s Inland Revenue Ordinance.

- (d) Income taxes of companies that are registered in the Kingdom of Cambodia are calculated in accordance with the “Law on Taxation” and its implementation and related notification letters.
 - (e) Income taxes of companies that are registered in the Socialist Republic of Vietnam are calculated in accordance with the “Corporate Income Tax” (CIT) and its implementation and related notification letters.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(23) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company’s shares that have been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s equity holders.

(24) Dividends

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

(25) Revenue recognition

A. Sales of goods

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

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(26) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

Details of the carrying amount of inventories as of December 31, 2022 are provided in Note 6(5).

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 936	\$ 706
Checking accounts and demand deposits	502,337	739,798
Time deposits	430,627	23,815
	<u>933,900</u>	<u>764,319</u>
Restricted and transferred to other current assets	(26,483)	(23,815)
	<u>\$ 907,417</u>	<u>\$ 740,504</u>

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

B. Details of the Group's cash and cash equivalents pledged to others are provided in Note 8.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 25,293	\$ 22,797
Valuation adjustments	(25,293)	(22,797)
	<u>\$ -</u>	<u>\$ -</u>

(3) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 87,804	\$ 202,085
Accounts receivable	\$ 622,614	\$ 1,105,145
Less: Allowance for bad debts	(3,186)	(1,277)
	<u>\$ 619,428</u>	<u>\$ 1,103,868</u>

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

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 544,337	\$ 87,804	\$ 1,029,324	\$ 202,085
Up to 30 days	76,459	-	71,786	-
31 to 60 days	671	-	3,795	-
61 to 90 days	53	-	-	-
Over 90 days	1,094	-	240	-
	<u>\$ 622,614</u>	<u>\$ 87,804</u>	<u>\$ 1,105,145</u>	<u>\$ 202,085</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of accounts receivable (including notes receivable) from contracts with customers amounted to \$816,095.
- C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$87,804 and \$202,085, \$619,428 and \$1,103,868, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Other receivables

	December 31, 2022	December 31, 2021
Tax refund receivable	\$ 91,854	\$ 110,320
Others	516	1,797
	<u>\$ 92,370</u>	<u>\$ 112,117</u>

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 396,127	(\$ 10,167)	\$ 385,960
Work in progress	418,572	(21,493)	397,079
Finished goods	169,382	(9,734)	159,648
	<u>\$ 984,081</u>	<u>(\$ 41,394)</u>	<u>\$ 942,687</u>

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 578,624	(\$ 6,911)	\$ 571,713
Work in progress	655,266	(16,531)	638,735
Finished goods	355,947	(8,444)	347,503
	<u>\$ 1,589,837</u>	<u>(\$ 31,886)</u>	<u>\$ 1,557,951</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2022	2021
Cost of goods sold	\$ 6,150,920	\$ 6,332,041
Loss on decline in (gain on reversal of) market value (Note)	7,574 (	2,877)
Others	7,313	4,988
	<u>\$ 6,165,807</u>	<u>\$ 6,334,152</u>

Note: Gain on reversal of decline in market value arose from inventory clearance.

(6) Property, plant and equipment

	2022							
	Buildings and structures	Machinery	Office equipment	Transportation equipment	Other equipment	Unfinished construction and equipment under acceptance	Total	
At January 1								
Cost	\$ 271,672	\$ 955,454	\$ 15,938	\$ 36,560	\$ 18,646	\$ 26,008	\$ 1,324,278	
Accumulated depreciation and impairment	(62,077)	(437,616)	(9,294)	(33,652)	(5,363)	-	(548,002)	
	<u>\$ 209,595</u>	<u>\$ 517,838</u>	<u>\$ 6,644</u>	<u>\$ 2,908</u>	<u>\$ 13,283</u>	<u>\$ 26,008</u>	<u>\$ 776,276</u>	
At January 1	\$ 209,595	\$ 517,838	\$ 6,644	\$ 2,908	\$ 13,283	\$ 26,008	\$ 776,276	
Additions	26,733	103,136	6,946	3,290	15,331	247,058	402,494	
Disposals	- (6,082)	(32)	(274)	(2,086)	-	(8,474)		
Reclassifications	8,901	8,251	215	-	- (17,471)	(104)		
Depreciation charge	(17,369)	(95,646)	(2,134)	(1,331)	(3,690)	-	(120,170)	
Impairment loss	- (14,072)	-	-	-	-	-	(14,072)	
Effect of foreign exchange	23,436	56,179	615	259	1,031	7,944	89,464	
At December 31	<u>\$ 251,296</u>	<u>\$ 569,604</u>	<u>\$ 12,254</u>	<u>\$ 4,852</u>	<u>\$ 23,869</u>	<u>\$ 263,539</u>	<u>\$ 1,125,414</u>	
At December 31								
Cost	\$ 348,972	\$ 1,135,092	\$ 24,083	\$ 39,676	\$ 31,758	\$ 263,539	\$ 1,843,120	
Accumulated depreciation and impairment	(97,676)	(565,488)	(11,829)	(34,824)	(7,889)	-	(717,706)	
	<u>\$ 251,296</u>	<u>\$ 569,604</u>	<u>\$ 12,254</u>	<u>\$ 4,852</u>	<u>\$ 23,869</u>	<u>\$ 263,539</u>	<u>\$ 1,125,414</u>	

2021

	Buildings and structures	Machinery	Office equipment	Transportation equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1							
Cost	\$ 259,393	\$ 910,753	\$ 17,399	\$ 38,329	\$ 16,098	\$ 24,559	\$ 1,266,531
Accumulated depreciation and impairment	(51,026)	(367,446)	(8,493)	(33,059)	(3,218)	-	(463,242)
	<u>\$ 208,367</u>	<u>\$ 543,307</u>	<u>\$ 8,906</u>	<u>\$ 5,270</u>	<u>\$ 12,880</u>	<u>\$ 24,559</u>	<u>\$ 803,289</u>
At January 1	\$ 208,367	\$ 543,307	\$ 8,906	\$ 5,270	\$ 12,880	\$ 24,559	\$ 803,289
Additions	18,069	48,138	278	-	7,314	29,969	103,768
Disposals	- (	392)	(280)	(107)	(3,523)	- (	4,302)
Reclassifications	1,683	24,770	-	-	- (	27,871)	(1,418)
Depreciation charge	(12,616)	(83,008)	(2,088)	(2,168)	(3,154)	- (	103,034)
Effect of foreign exchange	(5,908)	(14,977)	(172)	(87)	(234)	(649)	(22,027)
At December 31	<u>\$ 209,595</u>	<u>\$ 517,838</u>	<u>\$ 6,644</u>	<u>\$ 2,908</u>	<u>\$ 13,283</u>	<u>\$ 26,008</u>	<u>\$ 776,276</u>
At December 31							
Cost	\$ 271,672	\$ 955,454	\$ 15,938	\$ 36,560	\$ 18,646	\$ 26,008	\$ 1,324,278
Accumulated depreciation and impairment	(62,077)	(437,616)	(9,294)	(33,652)	(5,363)	-	(548,002)
	<u>\$ 209,595</u>	<u>\$ 517,838</u>	<u>\$ 6,644</u>	<u>\$ 2,908</u>	<u>\$ 13,283</u>	<u>\$ 26,008</u>	<u>\$ 776,276</u>

(7) Leasing arrangements - lessee

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 38 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 365,821	\$ 211,303
Buildings	60,053	57,824
	<u>\$ 425,874</u>	<u>\$ 269,127</u>
	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 9,425	\$ 6,297
Buildings	25,897	21,713
	<u>\$ 35,322</u>	<u>\$ 28,010</u>

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

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Interest expense on lease liabilities	\$ 5,352	\$ 4,851
Expense on short-term lease contracts	3,899	7,104
Impairment loss	4,018	-

E. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$210,318 and \$218,150, respectively.

F. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$37,828 and \$34,434, respectively.

(8) Impairment loss on non-financial assets

A. The Group recognized impairment loss for the years ended December 31, 2022 and 2021 were \$18,090 and \$0, respectively. Details of such loss are as follows:

	<u>Year ended December 31, 2022</u>	
	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>
Impairment loss — machinery	\$ 14,072	\$ -
Impairment loss — right-of-use assets	4,018	-
	<u>\$ 18,090</u>	<u>\$ -</u>

	Year ended December 31, 2021	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss — machinery	\$ -	\$ -
Impairment loss — right-of-use assets	-	-
	<u>\$ -</u>	<u>\$ -</u>

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

	Year ended December 31, 2022	
	Recognised in profit or loss	Recognised in other comprehensive income
Vietnam	\$ 18,090	\$ -

	Year ended December 31, 2021	
	Recognised in profit or loss	Recognised in other comprehensive income
Vietnam	\$ -	\$ -

C. In 2022, the Group's Vietnam factory prepared to discontinue its operations and had no plan to restart production, resulting in the impairment of its machinery and equipment and right-of-use assets. Accordingly, for the year ended December 31, 2022, the Group recognised impairment loss on machinery and equipment and right-of-use assets in the amount of \$18,090 which is equivalent to the carrying amount of such assets.

(9) Short-term borrowings

Type of Borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 46,902</u>	4.24%~5.74%	-

Type of Borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 216,881</u>	1.05%~1.75%	-

(10) Other payables

	December 31, 2022	December 31, 2021
Salary and bonus payable	\$ 154,149	\$ 129,434
Plant construction payable	56,953	-
Machinery and equipment payable	11,325	16,043
Others	70,506	77,810
	<u>\$ 292,933</u>	<u>\$ 223,287</u>

(11) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	December 31, 2022
Long-term bank borrowings			
Hang Seng Bank unsecured borrowings	Borrowing period is from March 15, 2018 to March 14, 2023; interest is payable monthly	LIBOR +2.00%	\$ 68
Less: Current portion			(68)
			<u>\$ -</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	December 31, 2021
Long-term bank borrowings			
Hang Seng Bank unsecured borrowings	Borrowing period is from March 15, 2018 to March 14, 2023; interest is payable monthly	LIBOR +2.00%	\$ 306
Less: Current portion			(245)
			<u>\$ 61</u>

Information about the long-term borrowings that were pledged to others as collateral is provided in Note 8.

(12) Pensions

The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2022 and 2021 was 14%~16% for both years. Other than the monthly contributions, the Group has no further obligations.

The Group's Hong Kong subsidiary offers Mandatory Provident Fund Schemes (MPF Schemes), a defined contribution plan, in accordance with the regulations of the Hong Kong Special Administrative Region of the People's Republic of China for qualified employees. Contribution amounts are based on certain percentage of employees' basic salaries and wages and are deducted from statement of comprehensive income when payments are required according to MPF Schemes regulations. The assets of MPF Schemes are deposited in independently managed funds, which are separated from the assets of the Group. In addition, the employers' contributions to the MPF Schemes of the Group belong exclusively to employees.

The Group's Vietnam subsidiary offers social insurance, a defined contribution plan, which is calculated based on certain percentage of employees' total local salaries and wages, and contributes

to an independent fund administered by the local government in accordance with the pension regulations of local government agencies.

The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were \$21,004 and \$17,352, respectively.

(13) Share-based payment

A. For the year ended December 31, 2022, the Group's share-based payment arrangements were as follows:

(a) Treasury stock transferred to employees

Type of arrangement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
Treasury stock transferred to employees	2022.08.17	151	-	Note

Note: For the full-time employees of the Company and domestic and foreign subsidiaries who have been employed before the record date or have made special contributions to the Company and were approved by the chairman of the Board of Directors, the actual specific subscription qualifications and subscription quantities are determined by the Board of Directors.

(b) Restricted stocks to employees

Type of arrangement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
Restricted stocks to employees	2022.11.09	600	3 years	3 years service

The restricted stocks issued by the Group cannot be sold, pledged, transferred, donated, set, or disposed in any other method during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are required to return the stocks but not required to return the dividends received if they resign during the vesting period.

The share-based payment arrangements above are settled by equity.

B. On August 17, 2022, the Board of Directors resolved to transfer 151,000 repurchased treasury shares to the employees who meet the Company's regulations on repurchased shares transferred to employees with a transfer price of NT\$114.89 (in dollars) per share. As of December 31, 2022, 75,000 shares had been transferred.

C. The fair value of stock options granted is measured using the Black-Scholes model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Strike price (in dollars)	Expected price volatility	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Restricted stocks to employees	After 1 year of service	\$ 102.5	\$ -	14.26%	\$ -	1.2437%	\$ 98.25
Restricted stocks to employees	After 2 years of service	\$ 102.5	\$ -	31.06%	\$ -	1.3252%	\$ 94.18
Restricted stocks to employees	After 3 years of service	\$ 102.5	\$ -	40.33%	\$ -	1.4412%	\$ 90.28

D. Expense incurred on share-based payment transactions is shown below:

	2022	2021
Equity-settled	\$ 5,271	\$ -

E. December 31, 2021: None.

(14) Share capital

A. As of December 31, 2022, the Company's authorised capital was \$600,000, consisting of 60,000 thousand shares of ordinary stock and the paid-in capital was \$383,698 with a par value of NT\$10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding (shares in thousands) are as follows:

	December 31, 2022	December 31, 2021
At January 1	\$ 31,349	\$ 31,349
Stock dividends of ordinary shares	6,270	-
Treasury shares sold to employees	75	-
Issuance of employee restricted stock	600	-
At December 31	\$ 38,294	\$ 31,349

B. The shareholders during its meeting on August 11, 2021 adopted a resolution to issue employee restricted ordinary shares. The issuance had been approved by the Financial Supervisory Committee on August 12, 2022 and the shares shall be issued within one year. The capital increase had been approved by Taiwan Stock Exchange Corporation on December 16, 2022 and the effective date for the issuance of new shares and the capital increase was set on November 9, 2022. The total number of shares issued amounted to 600 thousand shares for no consideration, at an issue price of NT\$0 (in dollars) per share. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

C. On June 15, 2022, the shareholders resolved to increase capital from retained earnings and to issue new shares amounting to \$62,698, consisting of 6,270 thousand shares with a par value of NT\$10 (in dollars) per share. The capital increase had been approved by Taiwan Stock Exchange Corporation on July 29, 2022. The effective date of ex-rights on distribution of shares through capital increase was set on July 18, 2022.

D. Treasury shares

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

Name of company		December 31, 2022	
<u>holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of shares</u>	<u>Carrying amount</u>
The Company	To be reissued to employees	\$ 76,000	\$ 10,470
Name of company		December 31, 2021	
<u>holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of shares</u>	<u>Carrying amount</u>
The Company	To be reissued to employees	\$ 151,000	\$ 20,802

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

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

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(15) Capital surplus

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

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and special reserve shall be appropriated or reversed in accordance with Public Offering under the Companies Act or regulations of the regulatory authority. The remainder, if any, along with the beginning unappropriated earnings shall comprise the Company's accumulated distributable earnings. The

distribution of earnings shall be proposed by the Board of Directors and resolved by the stockholders at the stockholders' meeting.

- B. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- C. As the Company is in the growth stage, the Company's dividend policy as to whether the distribution of dividends will be in the form of cash and/or shares is dependent on the Company's requirements for future capital expenditures, business expansion and financial planning for sustainable development. The Board of Directors shall propose the plan when distributing profits and such plan shall be resolved by the stockholders through ordinary resolution. Of the total cash dividends distributed, cash dividends shall not be less than 20% of total dividends distributed.
- D. The distribution of earnings for the years ended December 31, 2021 and 2020 resolved by the stockholders at the stockholders' meeting on June 15, 2022 and August 11, 2021, respectively, are as follows:

Year ended December 31, 2021		
	Amount	Dividend per share (in dollars)
Special reserve	\$ 52,344	
Cash dividends	141,071	\$ 4.50
Stock dividends	62,698	2.00
	<u>\$ 256,113</u>	

Year ended December 31, 2020		
	Amount	Dividend per share (in dollars)
Special reserve	\$ 70,473	
Cash dividends	203,769	\$ 6.50
	<u>\$ 274,242</u>	

- E. The distribution of earnings for the year ended December 31, 2022 proposed by the Board of Directors on March 22, 2023 is as follows:

Year ended December 31, 2022		
	Amount	Dividends per share (in dollars)
Special reserve	(\$ 216,862)	
Cash dividends	268,057	\$ 7.00
	<u>\$ 51,195</u>	

- F. For the information relating to employees' compensation and directors' and supervisors' remuneration, refer to Note 6(22).

(17) Operating revenue

	Years ended December 31,	
	2022	2021
Revenue from contracts with customers - textile	\$ 7,429,114	\$ 7,418,374

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major geographical regions:

<u>2022</u>	China			
	(including Hong Kong)	Cambodia	Vietnam	Total
Total segment revenue	\$ 11,101,251	\$ 1,038,182	\$ 30,326	\$ 12,169,759
Inter-segment revenue	(3,672,295)	(1,038,182)	(30,168)	(4,740,645)
Revenue from external customer contracts	\$ 7,428,956	\$ -	\$ 158	\$ 7,429,114
Timing of revenue recognition				
At a point in time	\$ 7,428,956	\$ -	\$ 158	\$ 7,429,114

<u>2021</u>	China			
	(including Hong Kong)	Cambodia	Vietnam	Total
Total segment revenue	\$ 11,575,608	\$ 1,068,278	\$ 29,254	\$ 12,673,140
Inter-segment revenue	(4,158,824)	(1,068,278)	(27,664)	(5,254,766)
Revenue from external customer contracts	\$ 7,416,784	\$ -	\$ 1,590	\$ 7,418,374
Timing of revenue recognition				
At a point in time	\$ 7,416,784	\$ -	\$ 1,590	\$ 7,418,374

B. Contract liabilities

The Group has recognised the following revenue-related liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities - advance sales receipts (shown as other current liabilities)	\$ 5,885	\$ 7,444	\$ 1,335

C. Revenue recognised that was included in the contract liability balance at the beginning of the year

	Years ended December 31,	
	2022	2021
Advance sales receipts	\$ 7,444	\$ 1,329

(18) Interest income

Years ended December 31,	
2022	2021
\$ 7,534	\$ 7,039

(19) Other income

Years ended December 31,	
2022	2021
\$ 12,991	\$ 17,421
17,158	673
\$ 30,149	\$ 18,094

(20) Other gains and losses

Years ended December 31,	
2022	2021
(\$ 18,090)	\$ -
(6,268)	(721)
(4,632)	(8,735)
(6,616)	(4,979)
(\$ 35,606)	(\$ 14,435)

(21) Finance costs

Years ended December 31,	
2022	2021
\$ 4,049	\$ 1,247
5,352	4,851
\$ 9,401	\$ 6,098

(22) Expenses by nature

Years ended December 31,	
2022	2021
\$ 578,121	\$ 503,623
155,492	131,044
112	70
\$ 733,725	\$ 634,737

(23) Employee benefit expense

	Years ended December 31,	
	2022	2021
Wages and salaries	\$ 533,151	\$ 464,154
Labour and health insurance fees	11,795	10,906
Pension costs	21,004	17,352
Other personnel expenses	12,171	11,211
	<u>\$ 578,121</u>	<u>\$ 503,623</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 1% and not be higher than 10% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration. If the Company has accumulated deficit, earnings should be reserved to cover losses. The employees' compensation shall be distributed in the form of shares or cash.
- B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$4,465 and \$3,395, respectively; while no directors' and supervisors' remuneration was accrued for both years.

For the years ended December 31, 2022 and 2021 the employees' compensation were estimated and accrued based on 1% of distributable profit of current year as of the end of reporting period. Employees' compensation and directors' and supervisors' remuneration for 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 94,706	\$ 110,101
Prior year income tax over estimation	(21)	(18)
Deferred tax:		
Origination and reversal of temporary differences	(2,330)	(33,574)
Income tax expense	<u>\$ 92,355</u>	<u>\$ 76,509</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 93,948	\$ 84,276
Effects from items that should be adjusted in accordance with tax regulations	(1,572)	(7,749)
Prior year income tax over estimation	(21)	(18)
Income tax expense	<u>\$ 92,355</u>	<u>\$ 76,509</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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

	2022			
	January 1	Recognised in profit or loss	Exchange difference	December 31
— Deferred tax assets:				
Allowance for uncollectible accounts in excess of tax limits	\$ 254	\$ 264	\$ 27	\$ 545
Unrealised inventory valuation loss	6,029	2,201	281	8,511
Book-tax difference on right-of-use assets	463	(130)	7	340
Unrealised impairment loss	1,444	-	23	1,467
Others	25	67	5	97
	<u>\$ 8,215</u>	<u>\$ 2,402</u>	<u>\$ 343</u>	<u>\$ 10,960</u>
— Deferred tax liabilities:				
Book-tax difference on depreciation life	(\$ 717)	(\$ 72)	(\$ 13)	(\$ 802)
Investment income	(13,587)	-	(1,485)	(15,072)
	<u>(\$ 14,304)</u>	<u>(\$ 72)</u>	<u>(\$ 1,498)</u>	<u>(\$ 15,874)</u>
	<u>(\$ 6,089)</u>	<u>\$ 2,330</u>	<u>(\$ 1,155)</u>	<u>(\$ 4,914)</u>

2021				
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Exchange difference</u>	<u>December 31</u>
— Deferred tax assets:				
Allowance for uncollectible accounts in excess of tax limits	\$ -	\$ 256	(\$ 2)	\$ 254
Unrealised inventory valuation loss	-	6,054	(25)	6,029
Book-tax difference on right-of-use assets	-	462	1	463
Unrealised impairment loss	-	1,443	1	1,444
Others	-	26	(1)	25
	<u>\$ -</u>	<u>\$ 8,241</u>	<u>(\$ 26)</u>	<u>\$ 8,215</u>
— Deferred tax liabilities:				
Book-tax difference on depreciation life	(\$ 66)	(\$ 652)	\$ 1	(\$ 717)
Investment income	(40,402)	25,985	830	(13,587)
	<u>(\$ 40,468)</u>	<u>\$ 25,333</u>	<u>\$ 831</u>	<u>(\$ 14,304)</u>
	<u>(\$ 40,468)</u>	<u>\$ 33,574</u>	<u>\$ 805</u>	<u>(\$ 6,089)</u>

D. Under the regulations of the 2013 tax incentives based on sector of Vietnam, the Group's qualified subsidiaries, TOP STAR TEXTILE VIETNAM COMPANY LIMITED and Top Sports Textile Vietnam Co., Ltd., are entitled to the tax incentives of: 'tax exemption for 2 years plus 50% tax reduction for the next 4 years' and '17% preferential CIT rate for 10 years'.

(25) Earnings per share

Year ended December 31, 2022			
		Retrospective adjustment to weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic earnings per share</u>			
Profit for the year	\$ 442,041	37,647	\$ 11.74
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	45	
Employee restricted stock	-	18	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	\$ 442,041	37,710	\$ 11.72
Year ended December 31, 2021			
		Retrospective adjustment to weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic earnings per share</u>			
Profit for the year	\$ 336,132	37,619	\$ 8.94
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	25	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	\$ 336,132	37,644	\$ 8.93

The weighted average number of ordinary shares outstanding for the years ended December 31, 2022 and 2021 was retrospectively adjusted proportionately to the capitalization of unappropriated earnings for the year ended December 31, 2022.

(26) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31,	
	2022	2021
Purchase of property, plant and equipment	\$ 402,494	\$ 103,768
Add: Opening balance of payable on equipment	16,043	15,991
Less: Ending balance of payable on equipment	(11,325)	(16,043)
Ending balance of plant construction payable	(56,953)	-
Cash paid during the year	<u>\$ 350,259</u>	<u>\$ 103,716</u>

	Years ended December 31,	
	2022	2021
Purchase of right-of-use assets	\$ 210,318	\$ 218,150
Less: Opening balance of prepayment for right-of-use assets	-	(156,993)
Changes in other non-cash items	(66,201)	(21,530)
Cash paid during the year	<u>\$ 144,117</u>	<u>\$ 39,627</u>

(27) Changes in liabilities from financing activities

The Company's changes in liabilities from financing activities for the years ended December 31, 2022 and 2021 are the changes in financing cash flows. Refer to consolidated statements of cash flows.

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
LIN CHIN-MAO	Key management
LIN CHING-WEI	Key management
CHINTEX INVESTMENT COMPANY LTD. (CHINTEX)	Other related party
TAT CHEONG INTERNATIONAL COMPANY LIMITED (TAT CHEONG)	Other related party
PONG FU (SHANGHAI) INVESTMENT CONSULTING CO., LTD. (PONG FU)	Other related party
NEWA INSURANCE (CAMBODIA) PLC. (NEWA INSURANCE)	Other related party
LIN CHIN-HSUAN	Other related party
HUNG CHENG-TSUNG	Other related party
YU YING	Other related party
TAISHABA INTERNATIONAL CO., LTD.	Other related party
ABILITY INVESTMENT CO., LTD.	Other related party
PENG TAI-PING	Other related party (Note)
GUANGDONG JINGYING TEXTILE TECHNOLOGY CO., LTD.	Other related party (Note)
Spruce Fashion Design Inc	Other related party (Note)

Note: PENG TAI-PING was the general manager of the Group's subsidiary, TSP Vietnam, and also the chairman of GUANGDONG JINGYING TEXTILE TECHNOLOGY CO., LTD. and Spruce Fashion Design Inc. before September 30, 2022. However, he was no longer a related party since there was no such circumstance starting from October 1, 2022.

(2) Significant related party transactions

The following disclosures are based on transactions with counterparties who are considered as related parties.

A. Purchases:

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Purchases of services:		
Other related parties	\$ <u>336,709</u>	\$ <u>385,412</u>

Services are purchased from other related parties on normal commercial terms and conditions.

B. Payables to related parties:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
GUANGDONG JINGYING TEXTILE TECHNOLOGY CO., LTD.	<u>\$ -</u>	<u>\$ 125,611</u>
Other payables - other:		
Other related parties	<u>\$ 2,198</u>	<u>\$ 1,018</u>

The payables to related parties arise mainly from provision of services and are due based on the normal commercial terms.

C. Leasing arrangements - lessee

(a) The Group leases property from key management and other related parties. The lease terms are from 2021 to 2028 and rent expenses are paid in the period based on agreements.

(b) Acquisition of right-of-use assets

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Key management		
LIN CHIN-MAO	\$ 21,653	\$ -
Other related parties	<u>36,379</u>	<u>4,975</u>
	<u>\$ 58,032</u>	<u>\$ 4,975</u>

(c) Rent expense

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Key management	\$ -	\$ 422
Other related parties	<u>31</u>	<u>607</u>
	<u>\$ 31</u>	<u>\$ 1,029</u>

(d) Lease liability

i. Outstanding balance:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
LIN CHIN-MAO	\$ 39,262	\$ 39,507
TAT CHEONG	9,831	-
LIN CHING-WEI	7,951	8,688
Other related parties	<u>10,976</u>	<u>10,167</u>
	<u>\$ 68,020</u>	<u>\$ 58,362</u>

ii. Interest expense

	Years ended December 31,	
	2022	2021
LIN CHIN-MAO	\$ 2,717	\$ 2,819
LIN CHING-WEI	419	470
Other related parties	869	609
	<u>\$ 4,005</u>	<u>\$ 3,898</u>

D. Service fees

	Years ended December 31,	
	2022	2021
Other related parties	<u>\$ 1,781</u>	<u>\$ 1,687</u>

The Group entered into a service agreement with other related parties and the fees are paid monthly.

E. Construction in process

	Years ended December 31,	
	2022	2021
Other related parties	<u>\$ 8,538</u>	<u>\$ 6,673</u>

The Group entered into a design contract for building the plant with other related parties and the consideration was paid monthly.

(3) Key management compensation

	Years ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	\$ 68,928	\$ 67,235
Post-employment benefits	274	260
	<u>\$ 69,202</u>	<u>\$ 67,495</u>

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Bank borrowings (shown as other current assets)	<u>\$ 26,483</u>	<u>\$ 23,815</u>	Bank borrowings facilities

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2022
Property, plant and equipment	<u>\$ 723,003</u>

- B. As of December 31, 2022, the Group's issued but unused letter of credit for importing raw materials amounted to \$99,347.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- (1) On August 22, 2022, the Group signed a stock purchase agreement with Tuntex Incorporation (B.V.I.) Co. Limited through the subsidiary, T-TRON INVESTMENT HOLDINGS LIMITED, to acquire a 100% equity interest in Zhen Jiang Tuntex Garment Co., Ltd. Further, the supplementary agreement of stock purchase was completed on December 26, 2022, which determined the acquisition consideration amounting to US\$6.2 million and the settlement date was set on January 1, 2023 based on mutual agreement. After signing the supplementary agreement of stock purchase, Zhen Jiang Tuntex Garment Co., Ltd. applied with the local competent authorities for the change in the registration, which was completed in January 2023.
- (2) Details of the appropriations of 2022 earnings as proposed by the Board of Directors on March 22, 2023 are provided in Note 6(15).

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments

In accordance with IFRS 9, the carrying amount of financial assets at amortised cost classified by the Group (including cash and cash equivalents, notes receivable, net, accounts receivable, net, other receivables and guarantee deposits paid) amounted to \$1,708,641 and the carrying amount of financial liabilities at amortised cost (including short-term borrowings, notes payable, accounts payable, other payables (including related parties), lease liabilities, long-term borrowings (including current portion) and guarantee deposits received) amounted to \$1,140,029. Please refer to Note 6 for the financial assets at fair value through profit or loss.

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's policies on overall risk management focus on unpredictable events in financial markets and seek to minimise any potential adverse effects on the financial condition and financial performance of the Group.

- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from various currency, primarily with respect to the NTD, USD, HKD, RMB and VND. Exchange rate risk arises from future commercial transactions, recognised assets and liabilities and net investment in a foreign operation.
- ii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: USD; other certain subsidiaries' functional currency: RMB and VND). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
HKD:USD	\$ 7,995	0.1283	\$ 31,485
USD:VND	1,992	0.00004	61,183
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB:USD	\$ 28,731	0.1436	\$ 126,645
HKD:USD	44,800	0.1283	176,424

December 31, 2021				
(Foreign currency: functional currency)	Foreign currency amount		Exchange rate	
	(in thousands)		Book value	
			(NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
HKD:USD	\$	9,426	0.1282	\$ 32,814
USD:VND		6,763	0.00004	187,210
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB:USD	\$	49,667	0.1569	\$ 215,755
HKD:USD		30,218	0.1282	107,242
iii. Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021 amounted to (\$4,632) and (\$8,735), respectively.				
iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:				

Year ended December 31, 2022				
Sensitivity analysis				
(Foreign currency: functional currency)	Degree of		Effect on	
	variation		profit or loss	
			Effect on other	
			comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
HKD:USD	1%	\$	315	\$ -
USD:VND	1%	\$	612	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB:USD	1%	\$	1,266	\$ -
HKD:USD	1%		1,764	-

Year ended December 31, 2021				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
HKD:USD	1%	\$	328	\$ -
USD:VND	1%		1,872	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB:USD	1%	\$	2,158	\$ -
HKD:USD	1%		1,072	-

Price risk

The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from bank borrowings with variable rates, which expose the Group to cash flow interest rate risk.
- ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit before tax for the years ended December 31, 2022 and 2021 would have increased/decreased by \$470 and \$2,172, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts credit risk management procedure to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 60 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

v. The Group classifies customer's accounts receivable and notes receivable in accordance with customer types and credit rating of customer. The Group applies the simplified approach using provision matrix and loss rate methodology to estimate expected credit loss under the provision matrix basis. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable.

vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and notes receivable. On December 31, 2022 and 2021, the provision matrix, loss rate methodology is as follows:

	Not past due	Up to 30 days past due	31~60 days past due	61~90 days past due	More than 90 days past due	Total
<u>At December 31, 2022</u>						
Expected loss rate	0.05%	0.07%	0.00%	0.00%	100.00%	
Total book value	\$ 628,477	\$ 67,361	\$ -	\$ -	\$ 1,094	\$ 696,932
Loss allowance	\$ 289	\$ 49	\$ -	\$ -	\$ 1,094	\$ 1,432
<u>At December 31, 2021</u>						
Expected loss rate	0.07%	0.23%	0%	0%	100.00%	
Total book value	\$ 1,231,023	\$ 71,599	\$ -	\$ -	\$ 240	\$ 1,302,862
Loss allowance	\$ 874	\$ 162	\$ -	\$ -	\$ 240	\$ 1,276

Further, as of December 31, 2022 and 2021, the Group's accounts receivable amounted to \$13,486 and \$4,368, respectively, and the impairment loss recognised under individual assessment amounted to \$1,754 and \$1, for the years then ended, respectively.

vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable and notes receivable are as follows:

	2022	2021
At January 1	\$ 1,277	\$ 10,187
Provision for impairment	1,763	-
Reversal of impairment loss	-	(8,773)
Effect of exchange rate changes	146	(137)
At December 31	<u>\$ 3,186</u>	<u>\$ 1,277</u>

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing

facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, and compliance with internal balance sheet ratio targets.

- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The Group's undrawn borrowing facilities on December 31, 2022 and 2021 were \$2,312,623 and \$1,293,327, respectively.
- iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2022	Less than 1 year	Over 1 year
Short-term borrowings	\$ 46,902	\$ -
Notes payable	64,464	-
Accounts payable	647,474	-
Other payables (including related parties)	295,131	-
Lease liability	28,385	68,129
Long-term borrowings (including current portion)	69	-
Guarantee deposits received	44,024	473
December 31, 2021	Less than 1 year	Over 1 year
Short-term borrowings	\$ 216,881	\$ -
Notes payable	487,372	-
Accounts payable (including related parties)	1,284,655	-
Other payables (including related parties)	224,305	-
Lease liabilities	21,441	71,807
Long-term borrowings (including current portion)	246	61
Guarantee deposits received	-	426

(3) Fair value information

The carrying amount of financial instruments not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable (including related parties) and other payables (including related parties) are approximate to their fair values. Lease liability interest rates are approximate to market interest rates so that the book value is considered approximate to fair value. Long-term borrowing interest rates (including current portion) are floating rates, which are approximate to market interest rates, so that the book value is considered approximate to fair value.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Refer to table 4.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 8.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 10.

(4) Major shareholders information

Major shareholders information: Refer to table 11.

14. Segment Information

(1) General information

The Group has classified the reportable operating segments based on management strategy. The Company's operations and segmentation are classified according to the management strategy, and the current management strategy is divided into China, Cambodia and Vietnam. Management has determined the reportable operating segments based on the reports reviewed by the management that are used to make strategic decisions.

(2) Measurement of segment information

The Group evaluates the performance of the operating segments based on segment income/(loss) and the accounting policies of each operating segment are the same as Summary of Significant Accounting Policies in Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Year ended December 31, 2022					
	China			Adjustments	Total
	(including Hong Kong)	Cambodia	Vietnam	and write-offs	
Revenue from external customers	\$ 7,428,956	\$ -	\$ 158	\$ -	\$ 7,429,114
Internal revenue	3,672,295	1,038,182	30,168	(4,740,645)	-
Total revenue	\$ 11,101,251	\$ 1,038,182	\$ 30,326	(\$ 4,740,645)	\$ 7,429,114
Segment income (loss)	\$ 1,401,507	(\$ 21,927)	\$ 268	(\$ 845,452)	\$ 534,396
Segment income (loss), including:					
Depreciation and amortisation	\$ 20,542	\$ 122,439	\$ 12,623		\$ 155,604
Interest income	\$ 7,514	\$ 18	\$ 2		\$ 7,534
Interest expense	\$ 4,205	\$ 3,852	\$ 1,344		\$ 9,401
Income tax expense	\$ 92,355	\$ -	\$ -		\$ 92,355
Total segment assets	\$ 9,374,042	\$ 1,351,018	\$ 677,062	(\$ 7,090,096)	\$ 4,312,026
Total segment liabilities	\$ 1,145,165	\$ 819,901	\$ 68,493	(\$ 747,311)	\$ 1,286,248
Capital expenditure	\$ 11,273	\$ 193,082	\$ 198,139	\$ -	\$ 402,494

Year ended December 31, 2021

	China (including Hong Kong)	Cambodia	Vietnam	Adjustments and write-offs	Total
Revenue from external customers	\$ 7,416,784	\$ -	\$ 1,590	\$ -	\$ 7,418,374
Internal revenue	4,158,824	1,068,278	27,664	(5,254,766)	-
Total revenue	\$ 11,575,608	\$ 1,068,278	\$ 29,254	(\$ 5,254,766)	\$ 7,418,374
Segment income (loss)	\$ 1,010,493	\$ 140,397	(\$ 19,065)	(\$ 719,184)	\$ 412,641
Segment income (loss), including:					
Depreciation and amortisation	\$ 21,192	\$ 100,433	\$ 9,489		\$ 131,114
Interest income	\$ 7,036	\$ 3	\$ -		\$ 7,039
Interest expense	\$ 2,480	\$ 2,751	\$ 867		\$ 6,098
Income tax expense	\$ 48,430	\$ 28,079	\$ -		\$ 76,509
Total segment assets	\$ 8,818,424	\$ 1,262,491	\$ 439,924	(\$ 5,663,305)	\$ 4,857,534
Total segment liabilities	\$ 2,573,517	\$ 763,412	\$ 52,851	(\$ 1,026,304)	\$ 2,363,476
Capital expenditure	\$ 6,227	\$ 83,891	\$ 13,650	\$ -	\$ 103,768

(4) Reconciliation for segment income (loss)

- A. The Group's chief operating decision-maker assesses segment performance and decides resource allocations based on profit before tax, thus reconciliation is not necessary.
- B. The amounts provided to the chief operating decision maker with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements.

(5) Information on products and services

Refer to Note 6 (16) for the related information.

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Years ended December 31,			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 2,102,820	\$ 3,042	\$ 1,871,739	623
Singapore	1,919,332	-	1,798,600	-
China	1,533,916	62,303	1,871,326	57,461
Hong Kong	478,101	39,529	601,466	27,830
Thailand	343,274	-	168,039	-
Korea	285,349	-	278,402	-
Cambodia	188,553	917,292	221,992	771,983
Vietnam	534	560,444	58,909	224,189
Others	577,235	-	547,901	-
	<u>\$ 7,429,114</u>	<u>\$ 1,582,610</u>	<u>\$ 7,418,374</u>	<u>\$ 1,082,086</u>

The Group's geographical revenue information is determined based on the countries where the customers operate. Non-current assets refer to property, plant and equipment, right-of-use assets, intangible assets and other non-current assets.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Years ended December 31,			
	2022		2021	
	Revenue	Segment	Revenue	Segment
CSG	\$ 1,154,376	China (including Hong Kong)	\$ 1,257,538	China (including Hong Kong)
MG	819,078	China (including Hong Kong)	768,550	China (including Hong Kong)

TST Group Holding Ltd. and Subsidiaries
Loans to others
Year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of	Reason for short-term financing (Note 6)	Allowance	Collateral		Limit on loans	Ceiling on	Footnote
					December 31, 2022 (Note 3)	December 31, 2022 (Note 8)				transactions with the borrower (Note 5)		for doubtful accounts		Value	granted to a single party (Note 7)	total loans granted (Note 7)	
										Item							
1	TST International Group Limited	THRIVE NATION GROUP LIMITED	Other receivables - related parties	Y	\$ 230,325	\$ 230,325	\$ -	-	Short-term financing	\$ -	Working capital	\$ -	None	\$ -	\$ 1,969,002	\$ 1,969,002	
1	TST International Group Limited	Top Star Textile Limited	Other receivables - related parties	Y	153,550	153,550	-	TAIFX+1.5%	Short-term financing	-	Working capital	-	None	-	1,969,002	1,969,002	
1	TST International Group Limited	TOP SPORTS TEXTILE LTD.	Other receivables - related parties	Y	921,300	460,650	214,970	TAIFX+1.5%	Short-term financing	-	Working capital	-	None	-	1,969,002	1,969,002	
1	TST International Group Limited	TOP STAR TEXTILE VIETNAM COMPANY LIMITED	Other receivables - related parties	Y	30,710	-	-	-	Short-term financing	-	Working capital	-	None	-	1,969,002	1,969,002	
2	BUMPER WORLD GROUP HOLDINGS LIMITED	TOP SPORTS TEXTILE LTD.	Other receivables - related parties	Y	61,420	15,355	15,355	TAIFX+1.5%	Short-term financing	-	Working capital	-	None	-	2,420,622	2,420,622	
3	Top Star Textile Limited	CHINTEX ENTERPRISES LIMITED	Other receivables - related parties	Y	92,130	92,130	-	4%	Short-term financing	-	Working capital	-	None	-	2,461,252	2,461,252	
3	Top Star Textile Limited	THRIVE NATION GROUP LIMITED	Other receivables - related parties	Y	307,100	-	-	-	Short-term financing	-	Working capital	-	None	-	2,461,252	2,461,252	
3	Top Star Textile Limited	TOP SPORTS TEXTILE LTD.	Other receivables - related parties	Y	307,100	307,100	153,550	TAIFX+1.5%	Short-term financing	-	Working capital	-	None	-	2,461,252	2,461,252	

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2022 (Note 3)	Balance at December 31, 2022 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
3	Top Star Textile Limited	TOP STAR TEXTILE VIETNAM COMPANY LIMITED	Other receivables - related parties	Y	\$ 16,891	\$ -	\$ -	-	Short-term financing	\$ -	Working capital	\$ -	None	\$ -	\$ 2,461,252	\$ 2,461,252	
3	Top Star Textile Limited	Top Sports Textile Vietnam Co., Ltd.	Other receivables - related parties	Y	153,550	153,550	-	TAIFX+1.5%	Short-term financing	-	Working capital	-	None	-	2,461,252	2,461,252	
4	THRIVE NATION GROUP LIMITED	TOP STAR TEXTILE VIETNAM COMPANY LIMITED	Other receivables - related parties	Y	12,284	-	-	-	Short-term financing	-	Working capital	-	None	-	617,381	617,381	
4	THRIVE NATION GROUP LIMITED	Top Sports Textile Vietnam Co., Ltd.	Other receivables - related parties	Y	184,260	184,260	-	TAIFX+1.5%	Short-term financing	-	Working capital	-	None	-	617,381	617,381	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2022.

TST International Group Limited:

The ceiling on total loans granted to the companies, who have business relationship with the Company, is 20% of the Company's net assets based on the latest financial statements; the limit on loans granted to a single party is the amount of business transactions between both sides.

The amount of business transactions refers to the higher amount of purchases or sales between both sides in the most recent year but the limit is 10% of the Company's net assets based on the latest financial statements.

The ceiling on total loans granted to the companies for short-term financing is 40% of the Company's net assets; the limit on loans granted to a single party is 10% of the Company's net assets.

The ceiling on total loans granted to the foreign subsidiaries, whose voting rights are 100% owned directly and indirectly by parent, is 80% of the Company's net assets; the limit on loans granted to a single party is 80% of the Company's net assets.

TOP STAR TEXTILE LIMITED:

The ceiling on total loans granted to the companies, who have business relationship with the Company, is 20% of the Company's net assets based on the latest financial statements; the limit on loans granted to a single party is the amount of business transactions between both sides.

The amount of business transactions refers to the higher amount of purchases or sales between both sides in the most recent year but the limit is 10% of the Company's net assets based on the latest financial statements.

The ceiling on total loans granted to the companies for short-term financing is 40% of the Company's net assets; the limit on loans granted to a single party is 10% of the Company's net assets.

The ceiling on total loans granted to the foreign subsidiaries, whose voting rights are 100% owned directly and indirectly by parent, is 100% of the parent's net assets; the limit on loans granted to a single party is 100% of the parent's net assets.

BUMPER WORLD GROUP HOLDINGS LIMITED:

The ceiling on total loans granted to the companies, who have business relationship with the Company, is 20% of the Company's net assets based on the latest financial statements; the limit on loans granted to a single party is the amount of business transactions between both sides.

The amount of business transactions refers to the higher amount of purchases or sales between both sides in the most recent year but the limit is 10% of the Company's net assets based on the latest financial statements.

The ceiling on total loans granted to the companies for short-term financing is 40% of the Company's net assets; the limit on loans granted to a single party is 10% of the Company's net assets.

The ceiling on total loans granted to the foreign subsidiaries, whose voting rights are 100% owned directly and indirectly by parent, is 80% of the parent's net assets; the limit on loans granted to a single party is 80% of the parent's net assets.

THRIVE NATION GROUP LIMITED:

The ceiling on total loans granted to the companies, who have business relationship with the Company, is 20% of the Company's net assets based on the latest financial statements; the limit on loans granted to a single party is the amount of business transactions between both sides.

The amount of business transactions refers to the higher amount of purchases or sales between both sides in the most recent year but the limit is 10% of the Company's net assets based on the latest financial statements.

The ceiling on total loans granted to the companies for short-term financing is 40% of the Company's net assets; the limit on loans granted to a single party is 10% of the Company's net assets.

The ceiling on total loans granted to the foreign subsidiaries, whose voting rights are 100% owned directly and indirectly by parent, is 100% of the parent's net assets; the limit on loans granted to a single party is 100% of the parent's net assets.

Note 4: The column of 'Nature of loan' shall fill in 'Business transaction or 'Short-term financing'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

TST Group Holding Ltd. and Subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2022 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	TST Group Holding Ltd.	TOP SPORTS TEXTILE LTD.	2	\$ 15,128,890	\$ 583,490	\$ 583,490	\$ 111,354	\$ -	19.28	\$ 15,128,890	Y	N	N	-
0	TST Group Holding Ltd.	Top Star Textile Limited	2	15,128,890	2,026,246	1,769,418	61	-	58.48	15,128,890	Y	N	N	-
0	TST Group Holding Ltd.	Top Sports Textile Vietnam Co., Ltd.	2	15,128,890	1,596,920	1,443,370	-	-	47.70	15,128,890	Y	N	N	-
0	TST Group Holding Ltd.	CHINTEX ENTERPRISES LIMITED	2	15,128,890	474,009	474,009	-	-	15.67	15,128,890	Y	N	Y	-
1	TST International Group Limited	Top Star Textile Limited	4	12,306,260	245,680	245,680	-	-	8.12	12,306,260	N	N	N	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed company.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade in the same industry or between the common builders as required by the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) The joint performance guarantee of the pre-sale house sales contract among companies in the same industry in accordance with Consumer Protection Law.

Note 3: Ceiling on total amount of endorsements/guarantees provided and limit on endorsements/guarantees provided for a single party:

TST Group Holding Ltd.:

The Company's ceiling on total amount of endorsements/guarantees provided is 80% of the Company's net assets based on the latest financial statements;

limit on endorsements/guarantees provided for a single party is 20% of the Company's net assets based on the latest financial statements.

The Company's limit on endorsements/guarantees provided for a single party, who has business relationship with the Company, except limited by the aforementioned rules, is the amount of business transactions in the most recent year before endorsements/guarantees (the higher amount of purchases or sales between both sides).

The endorsements/guarantees between the companies, whose 90% voting shares are owned directly and indirectly by the Company, are qualified with the limit of 10% of the Company's net assets.

Except for endorsements/guarantees between the subsidiaries, whose 100% voting shares are owned directly and indirectly by the company, limit on endorsements/guarantees provided is 5 times of the endorser/guarantor's net assets.

TST International Group Limited:

The Company's ceiling on total amount of endorsements/guarantees provided is 80% of the Company's net assets based on the latest financial statements;

limit on endorsements/guarantees provided for a single party is 20% of the Company's net assets based on the latest financial statements.

The Company's limit on endorsements/guarantees provided for a single party, who has business relationship with the Company, except limited by the aforementioned rules, is the amount of business transactions in the most recent year before endorsements/guarantees (the higher amount of purchases or sales between both sides).

The endorsements/guarantees between the companies, whose 90% voting shares are owned directly and indirectly by the Company, are qualified with the limit of 10% of the Company's net assets.

Except for endorsements/guarantees between the companies, whose 100% voting shares are owned directly and indirectly by parent, limit on endorsements/guarantees provided is 5 times of the endorser/guarantor's net assets.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

TST Group Holding Ltd. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2022				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
TST International Group Limited	NINGPO YING XING KNITS TEXTILE CO., LTD.	None	Note 5	6,300,000	\$ -	9.00	\$ -	None

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: Financial assets at fair value through profit or loss - non-current.

TST Group Holding Ltd. and Subsidiaries
Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
Top Sports Textile Vietnam Co., Ltd.	Engaging others to build plant on rented land	2022.06.10 (Note 1)	(Note 2)	The amount of \$143,896 (including tax) had been paid based on the contract	AZB JOINT STOCK COMPANY	-	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Building plant for operating use	None
Top Sports Textile Vietnam Co., Ltd.	Land use right	2022.09.28 (Note 3)	\$147,856 (tax excluded) (Note 4)	The amount had been fully paid based on the contract	THANH THANH CONG INDUSTRIAL ZONE JOINT-STOCK COMPANY	-	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report (Note 5)	Building plant for operating use	None

Note 1: Date of the event is the bid-winning notification day. The formal contract date is July 12, 2022.

Note 2: The amount on the bid-winning notification day was VND 478 billion (in dollars) (approximately NTD 598 million (in dollars)), while the formal contract amount was VND 418.7 billion (in dollars) (excluding value increment tax), which was translated based on VAN 1=NTD 0.001303 on December 31, 2022, which was approximately NTD 545,540 thousand (in dollars).

Note 3: Date of the event referred to herein is the date of board resolution.

Note 4: The amount was translated at the exchange rate of USD/NTD30.435.

Note 5: According to the appraisal report of Vietnam Standard Finance & Deal Service Company Ltd., the appraised amount was approximately USD 6,123,502 (in dollars) ~ USD 6,560,895 (in dollars), which was approximately NTD 186,369 thousand (in dollars) ~ NTD 199,681 thousand (in dollars) , excluding 10% of value increment tax.

TST Group Holding Ltd. and Subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

						Differences in transaction terms compared to third party transactions					
			Transaction			(Note 1)		Notes/accounts receivable (payable)			
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes /accounts receivable (payable)	Footnote (Note 2)
TOP STAR TEXTILE LIMITED	TOP SPORTS TEXTILE LTD.	Associates within the Group	Purchases	\$ 1,036,920	21.52	Mutual agreement	-	-	(\$ 147,855)	28.24	-
TOP SPORTS TEXTILE LTD.	TOP STAR TEXTILE LIMITED	Associates within the Group	Sales	(1,036,920)	99.88	Mutual agreement	-	-	147,855	99.13	-
TOP STAR TEXTILE LIMITED	GUANGZHOU RUNWELL KNITS TEXTILE	Associates within the Group	Purchases	1,855,965	39.77	Mutual agreement	-	-	(125,377)	23.94	-
GUANGZHOU RUNWELL KNITS TEXTILE	TOP STAR TEXTILE LIMITED	Associates within the Group	Sales	(1,855,965)	100.00	Mutual agreement	-	-	125,377	100.00	-
GUANGZHOU RUNWELL KNITS TEXTILE	CHINTEX ENTERPRISES LIMITED	Associates within the Group	Purchases	1,815,068	100.00	Mutual agreement	-	-	(70,804)	100.00	-
CHINTEX ENTERPRISES LIMITED	GUANGZHOU RUNWELL KNITS TEXTILE	Associates within the Group	Sales	(1,815,068)	54.16	Mutual agreement	-	-	70,804	18.62	-
CHINTEX ENTERPRISES LIMITED	GUANGDONG JINGYING TEXTILE TECHNOLOGY CO., LTD.	Other related party	Purchases	336,709	12.37	Mutual agreement	-	-	-	-	Note4

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 (in dollars) per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 4: Details of relationship with other related parties are provided in Note 7.

TST Group Holding Ltd. and Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
GUANGZHOU RUNWELL KNITS TEXTILE	TOP STAR TEXTILE LIMITED	Associates within the Group	\$ 125,377	10.89	\$ -	-	\$ 125,377	-
TOP SPORTS TEXTILE LTD.	TOP STAR TEXTILE LIMITED	Associates within the Group	147,855	4.69	-	-	145,999	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties....

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 (in dollars) per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

TST Group Holding Ltd. and Subsidiaries
Significant inter-company transactions during the reporting period
Year ended December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number				Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
(Note 1)	Company name	Counterparty	Relationship				(Note 3)
1	TOP STAR TEXTILE LIMITED	TOP SPORTS TEXTILE LTD.	3	Purchases	\$ 1,036,920	-	13.96
1	TOP STAR TEXTILE LIMITED	TOP SPORTS TEXTILE LTD.	3	Accounts payable	147,855	-	3.43
1	TOP STAR TEXTILE LIMITED	GUANGZHOU RUNWELL KNITS TEXTILE	3	Purchases	1,855,965	-	24.98
1	TOP STAR TEXTILE LIMITED	GUANGZHOU RUNWELL KNITS TEXTILE	3	Accounts payable	125,377	-	2.91
2	GUANGZHOU RUNWELL KNITS TEXTILE	CHINTEX ENTERPRISES LIMITED	3	Purchases	1,815,068	-	24.43
2	GUANGZHOU RUNWELL KNITS TEXTILE	CHINTEX ENTERPRISES LIMITED	3	Accounts payable	70,804	-	1.64

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

TST Group Holding Ltd. and Subsidiaries
Information on investees
Year ended December 31, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership	Book value	of the investee for the year ended December 31, 2022 (Note 2(2))	recognised by the Company for the year ended December 31, 2022 (Note 2(3))	
TST Group Holding Ltd.	BUMPER WORLD GROUP HOLDINGS LIMITED	British Virgin Islands	Holding Company	\$ 689,540	\$ 689,540	\$ 23,000,000	100.00	\$ 547,978	(\$ 21,464)	\$ 40,893	Subsidiary
TST Group Holding Ltd.	TST International Group Limited	British Virgin Islands	Holding Company	209,860	209,860	7,000,000	100.00	2,461,252	427,390	427,390	Subsidiary
TST International Group Limited	THRIVE NATION GROUP LIMITED	British Virgin Islands	Holding company	631,075	421,600	21,000,000	100.00	617,381	(18,480)	(18,480)	Second-tier subsidiary
TST International Group Limited	T-TRON INVESTMENT HOLDINGS LIMITED	Hong Kong	Holding company	107,792	-	6,000,000	100.00	108,021	222	222	Second-tier subsidiary
BUMPER WORLD GROUP HOLDINGS LIMITED	TOP SPORTS TEXTILE LTD.	Cambodia	Manufacture of textile	660,660	660,660	22,000,000	100.00	531,117	(21,927)	(21,927)	Second-tier subsidiary
TST International Group Limited	TOP STAR TEXTILE LIMITED	Hong Kong	Sale of textile	110,097	110,097	30,000,000	100.00	829,803	437,643	437,643	Second-tier subsidiary
TOP STAR TEXTILE LIMITED	TOP STAR TEXTILE VIETNAM COMPANY LIMITED	Vietnam	Manufacture of textile	30,040	30,040	-	100.00	(5,889)	6,911	6,911	Second-tier subsidiary
THRIVE NATION GROUP LIMITED	Top Sports Textile Vietnam Company Limited	Vietnam	Manufacture of textile	589,403	401,360	-	100.00	614,457	(6,643)	(6,643)	Second-tier subsidiary

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1)The columns of ‘Investee’, ‘Location’, ‘Main business activities’, Initial investment amount’ and ‘Shares held as at December 31, 2022’ should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column..
- (2)The ‘Net profit (loss) of the investee for the year ended December 31, 2022’ column should fill in amount of net profit (loss) of the investee for this period.
- (3)The ‘Investment income (loss) recognised by the Company for the year ended December 31, 2022’ column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Table 9

(Except as otherwise indicated)

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2022' column:

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

B.The financial statements were audited and attested by R.O.C. parent company's CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 5: Invest through CHINTEX ENTERPRISES LIMITED.

Table 9, Page 1

TST Group Holding Ltd. and Subsidiaries
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
Year ended December 31, 2022

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at December 31, 2022	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate	Interest during the year ended December 31, 2022	Others
GUANGZHOU RUNWELL KNITS TEXTILE	(\$ 1,855,965)	24.98	\$ -	-	(\$ 125,377)	2.91	\$ -	-	\$ -	\$ -	-	\$ -	-
CHINTEX ENTERPRISES LIMITED	-	-	-	-	-	-	474,009	-	92,130	92,130	4%	731	-

TST Group Holding Ltd. and Subsidiaries

Major shareholders information

December 31, 2022

Table 11

Name of major shareholders	Shares	Ownership (%)
	Name of shares held	
Xingmao Group Holdings Limited	12,768,000	33.27%
LIN CHIN-MAO	3,084,000	8.03%
Big Loyal Group Limited	2,484,000	6.47%
Excellent Treat Limited	2,400,000	6.25%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.