TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2021 AND 2020

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.

TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2021, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the companies that are required to be included in the consolidated financial statements of affiliates, are the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. Additionally, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Tainan Enterprises Co., Ltd.

March 22, 2022

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

Cut-off of operating revenue from export sales

Description

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

How our audit addressed the matter

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

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

Other matter – Reports of other auditors

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

Other matter – Parent company only financial reports

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

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

Tien, Chung-Yu

Independent Accountants

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan
Republic of China
March 22, 2022

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 independent auditors' report 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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

1. HISTORY AND ORGANIZATION

(1) Tainan Enterprises Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other relevant laws and regulations in August 1961. The Company and its subsidiaries (the "Group") are primarily engaged in manufacturing, retail and export various of apparels (including woven and knitted garments).

(2) As of December 31, 2021, the Group has 13,151 employees.

(3) The common shares of the Company had been listed on the Taipei Exchange since April 1999, and has been transferred to be listed on the Taiwan Stock Exchange since September 2000.

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

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, ‘CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY’.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e., transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

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

B. Subsidiaries included in the consolidated financial statements:

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

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

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

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

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "Other gains and losses".

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) <u>Classification of current and non-current items</u>

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

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

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

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

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

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

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

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

(8) Financial assets at amortized cost

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

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

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

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

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

(9) Accounts and notes receivable

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

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

(10) Inventories

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

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

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

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

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(12) Impairment of financial assets

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

(13) Derecognition of financial assets

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

(14) Leasing arrangements (lessor)－operating leases

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

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

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

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes all change in 'capital surplus' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then "Capital surplus" and "Investments accounted for under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

G. The Group accounts for its interest in a joint venture using equity method. Unrealized profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(16) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Except for land, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

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

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

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate or the interest rate of government bonds of the country to which each subsidiary belongs. Lease payments are fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognize the difference in profit or loss.

(18) Investment property

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

(19) Intangible assets

A. Computer software

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

B. Goodwill

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

(20) Impairment of non-financial assets

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

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

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

(21) Borrowings

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

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

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

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

(23) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

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

(24) Derecognition of financial liabilities

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

(25) Offsetting financial instruments

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

(26) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

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

(27) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings of the Company and its domestic subsidiaries and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(28) Share capital

A. Ordinary shares are classified as equity.

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

(29) Dividends

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

(30) Revenue recognition

A. Sale of goods

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

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

B. Service revenue

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

(31) Government grants

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

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

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

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

None.

(2) Critical accounting estimates and assumptions

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

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

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

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

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

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

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

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

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

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

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

There was no such situation in 2021.

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

C. The Group has no financial assets at fair value through profit or loss pledged to others as of December 31, 2021 and 2020.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2), ‘Financial instruments’.

(3) Financial assets at amortized cost

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

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

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

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

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

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

(4) Notes and accounts receivable

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

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

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

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

The above aging analysis was based on past due date.

B. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to $1,159,734.

C. The Group does not hold any collateral pledged for notes and accounts receivable as of December 31, 2021 and 2020.

D. The Group has no notes and accounts receivable pledged to others as of December 31, 2021 and 2020.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2), 'Financial instruments'.

(5) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 485,683	$ -	$ 485,683
Work in progress	731,182	-	731,182
	$ 1,216,865	$ -	$ 1,216,865

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 222,757	$ -	$ 222,757
Work in progress	556,759	-	556,759
	$ 779,516	$ -	$ 779,516

The cost of inventories recognized as expense:

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

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

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

A. The Group has elected to classify investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $639 and $476 as of December 31, 2021 and 2020, respectively.

B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

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

C. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was equal to its book value.

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as of December 31, 2021 and 2020.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2), ‘Financial instruments’.

(7) Investments accounted for using equity method

A. Movements of investments accounted for under equity method:

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

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

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

C. Joint venture

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

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

(Note) The country of registration is Samoa.

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

Balance sheet

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

Statement of comprehensive income

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

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

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

D. Associates

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

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

(Note) The country of registration is Cayman Islands.

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

Balance sheet

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

Statement of comprehensive income

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

(c) The Group's material associate, Tainan Enterprise (Cayman) Co., Limited, has quoted market price was \$168,040 (\$38.75 (in dollars) per share) and \$205,181 (\$51.10 (in dollars) per share) as of December 31, 2021 and 2020, respectively.

E. The Group has no investments accounted for under equity method pledged to others as of December 31, 2021 and 2020.

(8) Property, plant and equipment

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

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

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

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

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

A. As restricted by the local regulations of Cambodia, the ownership of the Group's land located in Cambodia had been registered under the name of Kao-Chhin Co., Ltd. In addition, the Group entered into a contract of borrowing other's name for real estate registration with Kao-Chhin Co., Ltd. which clearly defined the rights and obligations of both parties for the year ended December 31, 2020. The Group is the actual owner of the land.

B. The Group's property, plant and equipment are all occupied by the owner for operating purpose as of December 31, 2021 and 2020.

C. The Group has not capitalized any interest for the years ended December 31, 2021 and 2020.

D. Please refer to Note 8, 'Pledged assets' for information on the Group's property, plant and equipment that were pledged as collateral as at December 31, 2021 and 2020.

(9) Leasing arrangements—lessee

A. The Group's leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise partial factories and office. Low-value assets comprise multi-function printer.

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

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

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

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

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

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

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

(10) Leasing arrangements – lessor

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

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

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

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

(11) Investment property-net

	Land	Buildings	Total
January 1, 2021			
Cost	$ 95,130	$ 70,162	$ 165,292
Accumulated depreciation	-	(28,743)	(28,743)
	$ 95,130	$ 41,419	$ 136,549
For the year ended December 31, 2021			
At January 1	$ 95,130	$ 41,419	$ 136,549
Depreciation	-	(1,913)	(1,913)
Disposals - cost	-	(534)	(534)
- accumulated depreciation	-	531	531
At December 31	$ 95,130	$ 39,503	$ 134,633
December 31, 2021			
Cost	$ 95,130	$ 69,628	$ 164,758
Accumulated depreciation	-	(30,125)	(30,125)
	$ 95,130	$ 39,503	$ 134,633

	Land	Buildings	Total
January 1, 2020			
Cost	$ 95,130	$ 69,058	$ 164,188
Accumulated depreciation	-	(27,281)	(27,281)
	$ 95,130	$ 41,777	$ 136,907
For the year ended December 31, 2020			
At January 1	$ 95,130	$ 41,777	$ 136,907
Additions	-	1,540	1,540
Depreciation	-	(1,895)	(1,895)
Disposals - cost	-	(436)	(436)
- accumulated depreciation	-	433	433
At December 31	$ 95,130	$ 41,419	$ 136,549
December 31, 2020			
Cost	$ 95,130	$ 70,162	$ 165,292
Accumulated depreciation	-	(28,743)	(28,743)
	$ 95,130	$ 41,419	$ 136,549

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

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

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

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

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

(12) Intangible assets

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

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

(Note) Transferred from “Prepayments for equipment”.

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

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

	For the year ended December 31,			
	2021		2020	
Operating costs	$	92	$	64
Gerneral and administrative expenses		7,565		8,181
	$	7,657	$	8,245

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

(13) Impairment of non-financial assets

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

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

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

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

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

(14) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured bank borrowings	$ 975,185	0.43%～2.05%	None

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured bank borrowings	$ 594,894	0.81%～2.80%	None

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

(15) Short-term notes and bills payable

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

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

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

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

(16) Other payables

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

(17) Pensions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) Expected contributions to the defined benefit pension plans of the Group for the next year amount to $10,727.

(f) As of December 31, 2021, the weighted average duration of the retirement plan is 8 years.

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

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

December 31, 2021 and 2020 were $48,052 and $37,113, respectively.

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

(18) Share capital

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

	For the years ended December 31,	
	2021	2020
Beginning and ending balance	146,154	146,154

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

C. Treasury shares

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

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

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

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

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

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

(19) Capital surplus

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

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

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

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

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

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

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

(20) Retained earnings

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

B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations. The remainder, if any, shall be the current distributable earnings. The current distributable earnings along with the unappropriated earnings in the prior year shall be the accumulated distributable earnings which shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders. The Company's dividend policy shall take into account current and future development plan, investment environment, capital needs, domestic and foreign competition, and capital budget, etc. along with shareholders' interests. Each year, at least 30% of the current distributable earnings shall be appropriated as dividends. The dividends can be distributed in the form of cash or shares and cash dividends shall account for at least 10% of the total dividends distributed.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. For the years ended December 31, 2021 and 2020, the Company recognized cash dividends distributed to owners amounting to $－ and $73,077 ($0.5 (in dollars) per share), respectively. On March 22, 2022, the Board of Directors proposed no distribution from 2021 earnings except setting aside special surplus reserve in the amount of $41,919.

(21) Other equity items

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

For the year ended December 31, 2020	Currency translation difference	Financial assets at fair value through other comprehensive income	Total
At January 1	($ 63,372)	$ 92	($ 63,280)
Currency translation differences:			
–The Company	(92,834)	-	(92,834)
–Associates and joint ventures	(2,995)	-	(2,995)
Unrealized valuation gains and losses on financial assets at fair value through other comprehensive income			
–The Company	-	(94)	(94)
–Associates and joint ventures	-	(3,602)	(3,602)
At December 31	($ 159,201)	($ 3,604)	($ 162,805)

(22) Operating revenue

A. The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions. Revenue is mainly from various garment products and related business consulting. Please refer to Note 14, 'SEGMENT INFORMATION'.

	For the years ended December 31, 2021	For the years ended December 31, 2020
Timing of revenue recognition		
At a point in time		
Sales revenue	$ 5,715,698	$ 5,937,857
Over time		
Service revenue	45,778	32,683
	$ 5,761,476	$ 5,970,540

B. The Group has recognized the following revenue-related contract liabilities:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities - current	$ 8,776	$ 8,035	$ 1,168

	For the years ended December 31, 2021	For the years ended December 31, 2020
Revenue recognized that was included in the contract liability balance at the beginning of the year - receipts in advance	$ 8,035	$ 1,168

(23) Interest income

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

(24) Other income

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

(25) Other gains and losses

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

(26) Finance costs

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

(27) Expenses by nature

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

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

(Note) Listed as “Other gains and losses”.

(28) Employee benefit expense

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

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

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.

B. The Company did not accrue employees' compensation and directors' remuneration due to the loss incurred for the year ended December 31, 2021. According to the resolution of the Board of Directors on March 23, 2021, the Company did not accrue employees' compensation and directors' remuneration due to the loss incurred for the year ended December 31, 2020. The resolution was in agreement with those amounts recognized in the 2020 financial statements.

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

(29) Income tax

A. Income tax expense (benefit)

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

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

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

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

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

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

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

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

	For the year ended December 31, 2020			
	Jaunary 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Unrealised loss on currency exchange	$ 3,629	($ 495)	$ -	$ 3,134
Unused compensated absences	1,703	188	-	1,891
Pensions	24,908	(297)	534	25,145
Unrealised loss on investment	4,780	9,994	-	14,774
Tax losses	4,633	24,569	-	29,202
	$ 39,653	$ 33,959	$ 534	$ 74,146
Deferred tax liabilities				
Temporary differences:				
Unrealised gain on currency exchange	$ -	($ 288)	$ -	($ 288)
Incremental tax on land revaluation	(33,178)	-	-	(33,178)
Unrealised gain on investment	(15,365)	8,801	-	(6,564)
Pensions	(161)	-	161	-
	($ 48,704)	$ 8,513	$ 161	($ 40,030)
	($ 9,051)	$ 42,472	$ 695	$ 34,116

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

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

December 31, 2020				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2015	$ 58, 331	$ 54, 075	$ 47, 818	2025
2017	32, 998	32, 998	-	2027
2018	901	901	-	2028
2019	8, 690	8, 690	-	2029
2020	96, 754	96, 754	-	2030
	$ 197, 674	$ 193, 418	$ 47, 818	

E. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary differences		
Unrealized loss on investment	$ 1, 150, 385	$ 972, 332
Allowance for doubtful accounts that exceeded the allowable tax limit	55, 670	116, 250
	$ 1, 206, 055	$ 1, 088, 582

F. Under Act 8 which was promulgated by the Indonesia government in 2020, the income tax rate was reduced from 25% to 22% effective from the year ended December 31, 2020. The Group has assessed the impact of the change in income tax rate.

G. The Group’s income tax returns through 2019~2020 have been assessed and approved by the Tax Authority and there were no disputes existing between the Group and the Authority as of March 22, 2022.

(30) Loss per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 135, 104)	146, 154	($ 0. 92)

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 358,606)	146,154	($ 2.45)

(31) Transactions with non-controlling interest

A. Acquisition of additional equity interest in a subsidiary

In the fourth quarter of 2020, the Group acquired an additional 30% of shares each of its subsidiaries－Beyoung Fashion Co., Ltd. and T&G FASHION CO., LTD. for a total cash consideration of $6,000. The carrying amount of non-controlling interest in Beyoung Fashion Co., Ltd. and T&G FASHION CO., LTD. was ($340) in total at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by ($340) and a decrease in the equity attributable to owners of the parent by $6,333. The effect of the above changes is shown below:

	Year ended December 31, 2020		
	Beyoung Fashion Co., Ltd.	T&G FASHION CO., LTD.	Total
Carrying amount of non-controlling interest acquired	($ 2,224)	$ 1,884	($ 340)
Differences in net exchange	-	7	7
Consideration paid to non-controlling interest	(2,500)	(3,500)	(6,000)
Capital surplus - difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	($ 4,724)	($ 1,609)	($ 6,333)

B. There is no transaction between the Group and non-controlling interest in 2021.

(32) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2021	2020
Acquisition of property, plant and equipment	$ 56,751	$ 46,103
Add: Beginning balance of payables for equipment (listed as "Other payables")	1,972	13,438
Less: Ending balance of payables for equipment (listed as "Other payables")	(2,536)	(1,972)
Cash paid for the acquisition of property, plant and equipment	$ 56,187	$ 57,569

B. Operating and investing activities with no cash flow effects:

	For the years ended December 31,	
	2021	2020
(1) Write-off of allowance for doubtful accounts	$ 125,797	$ -
(2) Prepayment reclassified to property, plant and equipment	$ -	$ 218
(3) Income from reversion of land entrusted to others' name	$ -	$ 11,053
(4) Property, plant and equipment reclassified to other current assets	$ -	$ 804
(5) Property, plant and equipment reclassified to other non-current assets	$ 397	$ -
(6) Prepayment for equipment reclassified to property, plant and equipment	$ 1,994	$ 8,168
(7) Prepayment for equipment reclassified to intangible assets	$ -	$ 2,952
(8) Prepayment for equipment reclassified to other non-current assets	$ -	$ 1,536

(33) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
At January 1, 2021	$ 594,894	$ 174,938	$ 108,748	$ 8,109	$ 886,689
Changes in cash flow from financing activities	380,939	(25,000)	(23,201)	(406)	332,332
Changes in other non-cash items	(648)	34	(549)	-	(1,163)
At December 31, 2021	$ 975,185	$ 149,972	$ 84,998	$ 7,703	$ 1,217,858

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
At January 1, 2020	$ 874,307	$ 99,945	$ 92,005	$ 8,641	$ 1,074,898
Changes in cash flow from financing activities	(274,202)	75,000	(24,900)	(532)	(224,634)
Changes in other non-cash items	(5,211)	(7)	41,643	-	36,425
At December 31, 2020	$ 594,894	$ 174,938	$ 108,748	$ 8,109	$ 886,689

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Tainan Enterprise (Cayman) Co., Limited	Associate
TONY WEAR (Shanghai) Fashion Co., Ltd.	Associate
New Premium Enterprise Co., Ltd.	Joint venture
JEI JOM Enterprise Co., Ltd.	Joint venture
Nelson Sport Co., Ltd.	Other related party

(2) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2021	2020
Sales of goods:		
Others related parties	$ -	$ 2,206
Sales of services:		
Joint ventures	-	1,622
	$ -	$ 3,828

The sales terms to related parties were the same for third parties, and the collection period for related parties was closed their accounts 4 months after the end of each month.

B. Operating cost

	For the years ended December 31,	
	2021	2020
Purchases of services:		
Joint vantures	$ –	$ 9,662

The purchase terms from related parties were the same for third parties, and the payment term for related parties was closed their accounts 4 months after the end of each month.

C. Other income

	For the years ended December 31,	
	2021	2020
TONY WEAR (Shanghai) Fashion Co., Limited	$ 2,187	$ 2,267
Associates	228	228
	$ 2,415	$ 2,495

D. Property transactions

(a) Acquisition of property, plant and equipment:

	For the years ended December 31,	
	2021	2020
Joint ventures	$ 10,124	$ –

(b) Acquisition of other assets (listed as "Operating costs" and "General and administrative expenses"):

	For the years ended December 31,	
	2021	2020
Joint ventures	$ 483	$ –

(3) Key management compensation

	For the years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	$ 22,883	$ 22,630
Post-employment benefits	643	663
	$ 23,526	$ 23,293

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2021	December 31, 2020	Purpose
Land (Note)	$ 92, 549	$ 92, 549	Guarantee for short-term borrowings
Buildings and structures, net (Note)	36, 962	36, 566	〃
	$ 129, 511	$ 129, 115	

Note: listed as "Property, plant and equipment".

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

A. As of December 31, 2021 and 2020, the remaining balance due for construction in progress was $2,272 and $9,006, respectively.

B. As of December 31, 2021 and 2020, the unused letters of credit amounted to $166,469 and $170,109, respectively.

C. Please refer to Note 6(10) 'Leasing agreements－lessor' for more information regarding operating lease agreements.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Group invested $39,730 (US$1,435 thousands, listed as "Financial assets at amortized cost-current") in bonds issued by Russia as of December 31, 2021. Due to the escalation of the Ukraine-Russia military conflict on February 24, 2022, various countries imposed economic sanctions against Russia. Based on the Group's assessment, restrictions of the economic sanctions to Russia's foreign exchange variation and financial controls would significantly increase credit risk on the Group's investment in bonds and might adversely affect the possibility of recovering the bonds.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 86,954	$ 87,084
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	$ 639	$ 476
Financial assets at amortised cost		
Cash and cash equivalents	$ 681,095	$ 868,736
Financial assets at amortised cost	392,093	443,162
Notes receivable	380	687
Accounts receivable	1,145,171	1,028,273
Other receivables	71,751	91,195
Guarantee deposits paid	12,777	16,269
	$ 2,303,267	$ 2,448,322
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ -	$ 218
Financial liabilities at amortised cost		
Short-term borrowings	$ 975,185	$ 594,894
Short-term notes and bills payable	149,972	174,938
Notes payable	13,154	8,038
Accounts payable	347,395	326,624
Other payables	427,017	380,388
Lease liabilities (including current portion)	84,998	108,748
Guarantee deposits received	7,703	8,109
	$ 2,005,424	$ 1,601,739

B. Financial risk management policies

(a) The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

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

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2), ‘Financial assets and liabilities at fair value through profit or loss’.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting cost of forecast inventory purchases.

iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2) , ‘Financial assets and liabilities at fair value through profit or loss’.

iv. The Group's risk management policy is to take appropriate hedging against the expected future cash flow risk of major currencies (mainly the purchase of inventories denominated in USD), so as to reduce the risk exposure of major currencies.

v. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group’s foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

vi. The Group’s businesses involve some non-functional currency operations (the Group’s and certain subsidiaries’ functional currency: NTD; other certain subsidiaries’ functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 49,530	27.68	$1,370,990
RMB:NTD	19,719	4.344	85,660
IDR:USD	18,748,232	0.000070	36,369
VND:USD	9,311,065	0.000044	11,255
Investment accounted for under equity method			
USD:NTD	339	27.68	9,395
Financial liabilities			
Monetary items			
USD:NTD	44,980	27.68	1,245,040
RMB:NTD	20,429	4.344	88,745
IDR:USD	46,177,878	0.000070	89,579
VND:USD	21,280,404	0.000044	25,722

	December 31, 2020		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 53,994	28.48	$1,537,736
RMB:NTD	35,118	4.36	153,712
IDR:USD	7,543,387	0.000071	15,231
KHR:USD	558,751	0.000245	3,899
Investment accounted for under equity method			
USD:NTD	1,631	28.48	46,459
Financial liabilities			
Monetary items			
USD:NTD	30,664	28.48	873,321
RMB:NTD	39,995	4.36	175,051
IDR:USD	39,609,675	0.000071	79,978
VND:USD	17,063,400	0.000043	20,723

Sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated/depreciated by 1% with all other variables held constant, post-tax profit would have increased/decreased by $552 and $5,615 for the years ended December 31, 2021 and 2020, respectively.

vii. The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group amounted to $2,181 and ($37,446) for the years ended December 31, 2021 and 2020, respectively.

Price risk

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

ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit would have increased/decreased by $870 and $871 for the years ended December 31, 2021 and

2020, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have decreased/increased by $6 and $5, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk, partial interest rate risk is offset by cash and cash equivalents held at variable rates. The Group's borrowings issued at floating rates were mainly denominated in New Taiwan Dollars and US Dollars in 2021 and 2020.

ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, net of tax profit for the years ended December 31, 2021 and 2020 would have decreased/increased by $63 and $155, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.

ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

iii. The Group adopts management of credit risk, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

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

v. The Group classifies customer's accounts receivable in accordance with credit rating of customer, collaterals, credit risk on trade, etc. The Group applies the simplified approach using the provision matrix, loss rate methodology to estimate expected credit loss. The Group uses the forecastability of conditions to adjust historical and timely information to assess the default possibility of accounts receivable. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes receivable, accounts receivable and other receivables are as follows:

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

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	For the years ended December 31,	
	2021	2020
At January 1	$ 124,052	$ -
Expected credit losses	7,044	124,052
Transferred to income (listed as "Other income")	(989)	-
Write-offs	(125,797)	-
At December 31	$ 4,310	$ 124,052

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group Finance Department. Group's Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any if its borrowing facilities.

ii. Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to the Group's Finance Department. Group's Finance Department invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. The Group has the following undrawn borrowing facilities:

	December 31, 2021	December 31, 2020
Floating rate:		
Expiring within one year	$ 3,304,520	$ 3,608,673

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for nonderivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

December 31, 2021	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 976,683	$ -	$ -	$ -
Short-term notes and bills payable	150,000	-	-	-
Notes payable	13,154	-	-	-
Accounts payable	347,395	-	-	-
Other payables	425,727	1,290	-	-
Lease liabilities	28,513	51,284	13,038	-
Guarantee deposits received	-	7,703	-	-

December 31, 2020	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$595,996	$ -	$ -	$ -
Short-term notes and bills payable	175,000	-	-	-
Notes payable	8,038	-	-	-
Accounts payable	326,624	-	-	-
Other payables	379,061	1,327	-	-
Lease liabilities	27,566	55,120	35,209	3,498
Guarantee deposits received	-	8,109	-	-
Derivative financial liabilities:				
Forward foreign exchange contracts	218	-	-	-

v. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group’s investment in listed stocks is included in Level 1

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group’s investment in forward exchange contract is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group’s investment in equity investment without active market and investment property is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(11), ‘Investment property-net’.

C. The carrying amounts of the Group’s financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short term borrowings, short -term notes and bills payable, notes payable, accounts payable, other payables, and guarantee deposits received are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ -	$ -	$ 86,954	$ 86,954
Financial assets at fair value through other comprehensive income				
Equity securities	639	-	-	639
	$ 639	$ -	$ 86,954	$ 87,593

December 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ -	$ -	$ 87,084	$ 87,084
Financial assets at fair value through other comprehensive income				
Equity securities	476	-	-	476
	$ 476	$ -	$ 87,084	$ 87,560
Financial liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contract	$ -	$ 218	$ -	$ 218

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1).

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market

iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitized instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions

v. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

vi. The market approach (Price-to-Book Ratio, P/B ratio) and asset approach (net book value adjustment) are used by the Group to measure its certain equity investment without active market, which is calculating the ratio of recent identical or similar transaction price to book as an observable input to project the fair value of the disposal group.

(c) For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2, and there was no transfer into or out from Level 3.

(d) The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

For the year ende December 31,2021	Equity securities (Note)	Derivative financial instruments	Total
At January 1	$ 87,084	$ -	$ 87,084
Proceeds from capital reduction	(130)	-	(130)
At December 31	$ 86,954	$ -	$ 86,954

For the year ende December 31,2020	Equity securities (Note)	Derivative financial instruments	Total
At January 1	$ 87,237	($ 10,023)	$ 77,214
Gain on recognized in profit or loss	-	10,023	10,023
Proceeds from capital reduction	(153)	-	(153)
At December 31	$ 87,084	$ -	$ 87,084

(Note) There is no adjustment of equity securities in Level 3 for the years ended December 31, 2021 and 2020 because the fair value change was insignificant.

(e) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 92,894	The market approach (Price-to-Book Ratio)/Asset method (net book value adjustment)	Discount for lack of marketability / Discount for lack of control	30%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value.

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 89,089	The market approach (Price-to-Book Ratio)/Asset method (net book value adjustment)	Discount for lack of marketability / Discount for lack of control	30%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value.

(f) The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability for lack of control and discount	±10%	$ 8,428	($ 8,428)	$ -	$ -

			December 31, 2020			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability for lack of control and discount	±10%	$ 8,526	($ 8,526)	$ -	$ -

(4) Other information

Due to the impact of the Covid-19 pandemic and the government's multiple pandemic prevention measures, the Group has implemented measures related to work place sanitation management, continued to manage related matters and implemented a staggered work schedule to operate all its plants in compliance with the "Guidelines for Enterprise Planning of Business Continuity in Response to the Coronavirus Disease 2019 (COVID-19)" of the Republic of China (R.O.C.). There were no significant adverse effects on various operations. However, the Group is a multinational corporation and some overseas subsidiaries were impacted by the Covid-19. There were losses on work stoppages amounting to $13,167 (listed as 'Operating costs' and 'General and administrative expenses') arising from the multiple pandemic prevention measures taken by local governments such as Cambodia and Vietnam. Currently, each overseas subsidiary has gradually resumed to work and the Group has also reduced the cancellation of orders by coordinating with its customers to defer the delivery. In addition, being impacted by the Covid-19 pandemic, certain accounts receivable amounting to $125,383 were provisioned for impairment for the year ended December 31, 2020. In the first quarter of 2021, the amount was fully written-off as it was unlikely to be recovered based on the assessment.

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2021.

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital or more: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: All transactions had been cleared.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (excluding investees in Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the reportable operating segments based on information provided to the Group’s chief operating decision-maker in order to make strategic decisions. The Group’s chief operating decision-maker manages the business from an entity’s perspective.

(2) Measurement of segment information

The chief operating decision-maker, evaluates the performance of the operating segments based on a measure of income before tax; this measure excludes the impact of non-recurring receipts and payments in operating segments. The accounting policies of the operating segment are the same as the summary of the significant accounting policies described in Note 4, ‘SUMMARY OF

SIGNIFICANT ACCOUNTING POLICIES'.

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

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

	Year ended December 31, 2021		
	Garment production	Investment	Total
Segment revenue	$ 9,045,283	$ -	$ 9,045,283
Inter-segment revenue	(3,283,807)	-	(3,283,807)
Revenue from external customers	5,761,476	-	5,761,476
Interest income	-	23,611	23,611
Depreciation and amortisation	137,650	-	137,650
Financial costs	8,498	3,941	12,439
Segment income (loss) before tax	(166,347)	39,689	(126,658)
Segment assets	4,270,610	942,634	5,213,244
Segment liabilities	1,270,318	889,172	2,159,490

	Year ended December 31, 2020		
	Garment production	Investment	Total
Segment revenue	$ 9,628,890	$ -	$ 9,628,890
Inter-segment revenue	(3,658,350)	-	(3,658,350)
Revenue from external customers	5,970,540	-	5,970,540
Interest income	-	37,828	37,828
Depreciation and amortisation	144,788	-	144,788
Financial costs	14,553	9,629	24,182
Segment income (loss) before tax	(349,345)	(31,400)	(380,745)
Segment assets	3,897,970	1,140,904	5,038,874
Segment liabilities	1,095,152	663,723	1,758,875

(4) Reconciliation for segment income (loss), assets and liabilities

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income, and the divisional income amounts provided to the chief operating decision maker are measured in accordance with the Group's consolidated financial statements and therefore do not require reconciliation.

(5) Information on products and services

Revenue from external customers is mainly from the production and sales of garment, the design, development, production, and sales of self-owned brands, and the provision of processing and business consulting services, as well as the agency of other internationally well-known brands. Details of revenue are as follows:

	For the years ended December 31,	
	2021	2020
Garment foundry and sales revenue	$ 5,715,698	$ 5,937,857
Service revenue	45,778	32,683
	$ 5,761,476	$ 5,970,540

(6) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	For the years ended December 31,			
	2021		2020	
	Revenue	Non-current assets	Revenue	Non-current assets
United States	$ 3,878,344	$ –	$ 4,186,732	$ –
Canada	569,439	–	540,459	–
Japan	749,132	–	752,567	–
China	71,541	41,371	81,802	38,485
Taiwan	105,129	549,405	140,168	560,734
Cambodia	45,775	185,923	32,365	190,323
Vietnam	602	300,032	–	324,677
Indonesia	22	252,449	465	318,461
Others	341,492	636	235,982	1,035
	$ 5,761,476	$ 1,329,816	$ 5,970,540	$ 1,433,715

(7) Major customer information

The details of the Group's major customers whose revenue from a single customer in 2021 and 2020 has reached more than 10% of the revenue on the consolidated comprehensive income statement are as follows:

	For the years ended December 31,			
	2021		2020	
Customer name	Net Operating Revenue	%	Net Operating Revenue	%
Customer B	$ 991,317	17	$ 736,355	12
Customer D	948,723	16	606,731	10
Customer G	755,090	13	733,193	12
Customer E	701,468	12	1,141,800	19
Customer F	584,715	10	428,759	7
Customer A	314,063	5	1,267,995	21

Tainan Enterprises Co., Ltd. and Subsidiaries

Loans to others

For the year ended December 31, 2021

Table 1

Expressed in thousands of NTD

Number	Name	Name of counterparty	Account	Related parties	Maximum balance	Ending balance	Actual amount drawn down	Interest rate	Nature of financial activity	Total transaction amount	Reason for financing	Allowance for doubtful accounts	Assets pledged: Item	Assets pledged: Value	Loan limit per entity (Note 2)	Maximum amount available for loan (Note 2)	Footnote
0	Tainan Enterprises Co., Ltd.	Tainan Enterprises (Vietnam) Co., Ltd.	Other receivables	Y	$ 249,120	$ 193,760	$ 116,256	0～2.5%	(Note 1)	$ -	Financing use	$ -	—	$ -	$ 916,126	$ 916,126	—
1	Tainan Enterprise (BVI) Co., Limited	TAI NAN ENTERPRISES (CAMBODIA) CO., LTD.	Other receivables	Y	41,520	41,520	41,520	—	(Note 1)	-	Financing use	-	—	-	972,736	972,736	—
		PT. ANDALAN MANDIRI BUSANA	Other receivables	Y	179,920	152,240	119,024	—	(Note 1)	-	Financing use	-	—	-	972,736	972,736	—
		Tainan Enterprises (Vietnam) Co., Ltd.	Other receivables	Y	110,720	110,720	110,720	—	(Note 1)	-	Financing use	-	—	-	972,736	972,736	—
		YONG JENG INTERNATIONAL CO., LTD.	Other receivables	Y	83,040	69,200	56,663	4%	(Note 1)	-	Financing use	-	—	-	364,776	364,776	—

Note 1: Nature of loans to others is filled for short-term financing.

Note 2: In accordance with the provisions of the operating procedures for loaning to others, the calculation of the capital loan limit of individual objects and the total limit of capital loan is as follows:

1. Loan total limit: 40% of the net worth in the most recent financial report, but only if financing is necessary, 30% of the net worth in the most recent financial report.
2. Limit for a single company
   (1) Trading partner: each company does not exceed the amount of business transactions.
   (2) Short-term financing: each company does not exceed 30% net worth of its most recent financial report.
   (3) Capital loans to foreign companies of the Republic of China that directly or indirectly hold 100% of the voting shares by the same parent company shall not exceed 80% of the net worth of the company's most recent financial report.
   (4) In the case of (1) and (2) above, the limit shall be calculated in combination, but shall not exceed the total limit of loans.

Note 3: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd. and Subsidiaries

Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures)

December 31, 2021

Table 2 — Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account (Note 1)	Ending balance: Number of shares	Ending balance: Book value	Ending balance: Ownership (%)	Ending balance: Fair value	Footnote
Tainan Enterprises Co., Ltd.	Bonds:							
	DEUTSCHE BANK AG 3.6615% DUE 10 APR 2025, etc.	—	2	-	$ 30,230	-	$ 30,230	—
	Stocks:							
	EUROC VENTURE CAPITAL CORP.	—	3	2	129	0.25%	129	—
	SPLENDOR ACTIVEWEAR CO., LTD.	—	3	10	-	17.86%	-	—
	KOCHE DEVELOPMENT CO., LTD.	Substantive related parties	3	4,888	60,939	13.58%	61,293	—
	KOCHE GLOBAL CO., LTD.	Substantive related parties	3	4,270	25,886	10.42%	31,472	—
	DELTAMAC (TAIWAN) CO., LTD.	—	4	40	639	0.11%	639	—
Tainan Enterprise (BVI) Co., Limited	Bonds:							
	SBERBANK 5.125% DUE 29 OCT 2022	—	1	-	39,730	-	39,730	—
	BANCO DO BRASIL SA 4.625% DUE 15 JAN 2025, etc.	—	2	-	322,133	-	322,133	—
	Stocks:							
	NETSOL TECH-NOLOGIES INC.	—	3	44	-	0.27%	-	—

Note 1: There are four types of account items as follows:
1. Financial assets at amortized cost - current
2. Financial assets at amortized cost - non-current
3. Financial assets at fair value through profit or loss - non-current
4. Financial assets at fair value through comprehensive income - non-current

Note 2: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd. and Subsidiaries

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

For the year ended December 31, 2021

Table 3

Expressed in thousands of NTD

			Transaction				Differences in transaction terms compared to third party transactions		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
Tainan Enterprises Co., Ltd.	P.T.Tainan Enterprises Indonesia	Subsidary	Purchases	$ 1,249,510	36%	(Note 1)	$ -	–	($ 118,159)	(32%)	–
P.T.Tainan Enterprises Indonesia	Tainan Enterprises Co., Ltd.	The Company	(Sales)	(1,249,510)	(100%)	(Note 1)	-	–	118,159	99%	–

Note 1: Receipt and payment terms for purchases and sales to related parties is closes its accounts in 4 months.

Note 2: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:27.68).

Tainan Enterprises Co., Ltd. and Subsidiaries

Receivables from related parties reaching $100 million or 20% of paid-in capital or more

December 31, 2021

Table 4 Expressed in thousands of NTD

Company Name	Counterparty	Relationship with the counterparty	Receivable from relatal party		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			Items	Amount		Amount	Action taken		
Tainan Enterprises Co., Ltd.	Tainan Enterprises (Vietnam) Co., Ltd.	Subsidary	Other receivables	$ 116,256	—	$ -	—	$ 41,520	$ -
P.T.Tainan Enterprises Indonesia	Tainan Enterprises Co., Ltd.	The Company	Accounts receivable	118,159	8.01	-	—	118,159	-
Tainan Enterprise (BVI) Co., Limited	PT. ANDALAN MANDIRI BUSANA	Subsidary	Other receivables	119,024	—	-	—	-	-
Tainan Enterprise (BVI) Co., Limited	Tainan Enterprises (Vietnam) Co., Ltd.	Subsidary	Other receivables	110,720	—	-	—	-	-

Note : The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd. and Subsidiaries

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2021

Table 5

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transactions: General ledger account	Transactions: Amount	Transactions: Transaction terms	Transactions: Percentage of consolidated total operating revenues or total assets (Note 3)
0	Tainan Enterprises Co., Ltd.	P.T.Tainan Enterprises Indonesia	1	Purchases	$ 1,249,510	Closes its accounts 4 months after the end of each transaction	22%
			1	Accounts payable	118,159	–	2%
			1	Services revenue	60,367	–	1%
		PT. ANDALAN MANDIRI BUSANA	1	External processing cost	381,858	–	7%
			1	Services revenue	41,518	–	1%
			1	Other payables	89,142	–	2%
		TAI NAN ENTERPRISES (CAMBODIA) CO., LTD.	1	External processing cost	736,978	–	13%
			1	Services revenue	65,880	–	1%
			1	Prepayments	48,458	–	1%
		Tainan Enterprises (Vietnam) Co., Ltd.	1	External processing cost	260,937	–	5%
			1	Services revenue	25,118	–	–
			1	Other receivables	116,256	–	2%
			1	Other payables	48,349	–	1%
		Yixing Gaoqing Garments Co., Ltd.	1	External processing cost	307,779	–	5%
			1	Services revenue	25,609	–	–
			1	Other payables	88,743	–	2%
		Gin-Sovann Fashion (Cambodia) Limited.	1	External processing cost	201,367	–	3%
			1	Services revenue	18,783	–	–
			1	Prepayments	44,056	–	1%
1	Tainan Enterprise (BVI) Co., Limited	TAI NAN ENTERPRISES (CAMBODIA) CO., LTD.	3	Other receivables	41,520	–	1%
		PT. ANDALAN MANDIRI BUSANA	3	Other receivables	119,024	–	2%
2	Beyoung Fashion Co., Ltd.	Tainan Enterprises (Vietnam) Co., Ltd.	3	Other receivables	110,720	–	2%
		Gin-Sovann Fashion (Cambodia) Limited.	3	External processing cost	137,430	–	2%
			3	Prepayments	22,767	–	–

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

(1) The company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) The company to subsidiary.

(2) Subsidiary to the company.

(3) Subsidiary to subsidiary.

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

Note 4: Significant inter-company transactions during the reporting periods are not disclosed since these were corresponding transactions.

Note 5: The disclosure standard for important transactions is more than NT$10 million.

Note 6: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd. and Subsidiaries

Names, locations and other information of investee companies (excluding investees in Mainland China)

For the year ended December 31, 2021

Table 6

Expressed in thousands of NTD

Investor	Investee	Location	Main business	Original investment amount: Balance as at December 31, 2021	Original investment amount: Balance as at December 31, 2020	Shares held as at December 31, 2021: Number of shares	Shares held as at December 31, 2021: Ownership (%)	Shares held as at December 31, 2021: Book value	Net income (loss) of the investee	Investment income (loss) recogniszed by the Company	Note
Tainan Enterprises Co., Ltd.	Tainan Enterprise (BVI) Co., Limited	British Virgin Islands	Professional investments	$ 517,058	$ 517,058	$ 170,000	100.00	$ 1,218,510	($ 42,633)	($ 44,322)	Subsidiary
	P.T.Tainan Enterprises Indonesia	Indonesia	Garment processing, production and selling	64,446	64,446	2,400,000	100.00	288,219	(20,777)	(20,777)	Subsidiary
	PT. ANDALAN MANDIRI BUSANA	Indonesia	Garment processing, production and selling	182,024	182,024	6,000	100.00	116,140	1,105	1,105	Subsidiary
	TAI NAN ENTERPRISES (CAMBODIA) CO., LTD	Cambodia	Garment processing, production and selling	29,585	29,585	1,000	100.00	24,210	(96,906)	(96,944)	Subsidiary
	Tainan Enterprises (Vietnam) Co., Ltd.	Vietnam	Garment processing, production and selling	319,090	319,090	-	100.00	117,360	(15,442)	(15,442)	Subsidiary
	Fortune International Co., Ltd.	Taiwan	Garment and cloth selling and trading service	-	3,000	-	-	-	(2)	(2)	Subsidiary (Note 1)
	Beyoung Fashion Co., Ltd.	Taiwan	Garment processing, production and selling	141,742	141,742	5,050,000	100.00	20,330	850	850	Subsidiary
	New Premium Enterprise Co., Ltd.	Samoa	Professional investments	123,525	157,137	5,000,000	50.00	9,395	(5,147)	(2,573)	Joint venture (Note 2)
Tainan Enterprise (BVI) Co., Limited	T&G FASHION CO., LTD	Seychelles	Professional investments	108,500	108,500	3,300,000	100.00	9,997	(18,798)	-	Subsidiary (Note 3)
	Tainan Enterprise (Cayman) Co., Limited	Cayman Islands	Professional investments	194,623	194,623	4,336,515	13.39	61,840	104,735	-	(Note 3)
T&G FASHION CO., LTD	Gin-Sovann Fashion (Cambodia) Limited.	Cambodia	Garment processing, production and selling	27,680	27,680	-	100.00	(20,602)	(18,362)	-	Subsidiary (Note 3)
	CAMITEX (CAMBODIA) MFG CO LTD.	Cambodia	Garment processing, production and selling	16,971	16,971	100	100.00	(738)	-	-	Subsidiary (Note 3) (Note 4)
	Golden Harbor Garment (Cambodia) Limited.	Cambodia	Garment processing, production and selling	-	-	-	100.00	(118)	-	-	Subsidiary (Note 3) (Note 4)

Note 1: The liquidation had been completed in the second quarter of 2021.
Note 2: The investee returned proceeds from shares in advance as the Board of Directors resolved to shut down its subsidiary in the second quarter of 2021. The amount will be settled after the subsidiary is liquidated and dissolved.
Note 3: According to regulations, the amount of investment (loss) recognized in the current period may be exempted from disclosure.
Note 4: The subsidiary has ceased business and was pending for liquidation process.
Note 5: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd. and Subsidiaries

Information on investments in Mainland China－Basic information

For the year ended December 31, 2021

Table 7

Expressed in thousands of NTD

Investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the the year ended December 31, 2021: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the the year ended December 31, 2021: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company （Note 2）	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Note
Yixing Gaoqing Garments Co., Ltd.	Garment processing, production and selling	$ 124,560	（Note 1）	$ 83,040	$ -	$ -	$ 83,040	($ 51,047)	100%	($ 51,047)	$ 156,159	$ -	(Note 3)
Zhoukou Tainan Garment Co., Ltd.	Garment processing, production and selling	138,400	（Note 1）	-	-	-	-	-	100%	-	3,840	-	(Note 4) (Note 5)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Tainan Enterprises Co., Ltd.	$ 267,142	$ 1,076,715	(Note 6)

Note 1: Indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.
Note 2: Investment gains or losses were recognized based on audited financial statements.
Note 3: Among them, $41,520 (USD1,500 thousand dollars) was indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.
Note 4: Indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.
Note 5: The subsidiary has ceased business and was pending for liquidation process.
Note 6: Enterprises that have been approved by the Ministry of Economic Affairs to operate their headquarters are not subject to monetary or proportional limits.
Note 7: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd. and Subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2021

Table 8 | Expressed in thousands of NTD

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2021	%	Balance at December 31, 2021	Purpose	Maximum balance during the year ended December 31, 2021	Balance at December 31, 2021	Interest rate	Interest during the year ended December 31, 2021	Others (Note)
Yixing Gaoqing Garments Co., Ltd.	$ -	–	$ -	-	$ -	–	$ -		$ -	$ -	–	$ -	External process cost $ 307,779 Service revenue $ 25,609 Other payables $ 88,743

Note: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:27.68; CNY:USD 1:0.1569).

Tainan Enterprises Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2021

Table 9 Expressed in shares

Name of the key shareholder	Number of shares: Common stock	Number of shares: Preferred stock	Ownership (%)	Note
KOCHE GLOBAL CO., LTD.	12,660,000	–	8.60%	–
CMC Magnetics Co., Ltd.	12,261,000	–	8.33%	–
CHC International Investment Corporation	9,521,000	–	6.47%	–

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