NIEN HSING TEXTILE CO., LTD.

Individual Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

Independent Auditors' Report

The Board of Directors and the Shareholders
Nien Hsing Textile Co., Ltd.

Opinion

We have audited the Individual Balance Sheets of Nien Hsing Textile Co., Ltd. as of December 31, 2023 and 2022, and the Individual Statements of Comprehensive Income, Individual Statements of Changes in Equity, Individual Statements of Cash Flows and the notes to the Individual Financial Statements (including the Summary of Significant Accounting Policies) from January 1 to December 31, 2023 and 2022.

In our opinion, the aforementioned Individual Financial Statements present fairly, in all material respects, the individual financial position of Nien Hsing Textile Co., Ltd. as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023 and 2022 in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual Financial Statements section of our report. We have stayed independent from Nien Hsing Textile Co., Ltd. as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters refer to the matters that, in our professional judgment, were of most significance in our audit of the 2023 Individual Financial Statements of Nien Hsing Textile Co., Ltd. These matters were addressed in the context of our audit of the Individual Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Individual Financial Statements of Nien Hsing Textile Co., Ltd. for the year ended December 31, 2023 are stated as follows:

Operating revenue from major clients

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

Description of Matter

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

Audit Procedures

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

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

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

Management is responsible for preparation and fair presentation of the Individual Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Individual Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the Individual Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nien Hsing Textile Co., Ltd.'s internal control.
3. Assess the appropriateness of the accounting policies adopted by the management level, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Nien Hsing Textile Co., Ltd.’s ability to continue as a going concern. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the Individual Financial Statements in our audit report of the relevant disclosures therein, or to amend our audit opinion when any inappropriate disclosure was found. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause Nien Hsing Textile Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Individual Financial Statements, including the disclosures, and whether the Individual Financial Statements fairly present relevant transactions and items.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities of Nien Hsing Textile Co., Ltd. to express an opinion on the Individual Financial Statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Individual Financial Statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 8, 2024

Notice to Readers

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

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

NIEN HSING TEXTILE CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
Unit: NT$ Thousand

		December 31, 2023		December 31, 2022	
Code	ASSETS	Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 6)	$ 372,264	5	$ 641,831	7
1110	Financial assets at fair value through profit or loss (Note 7)	978	-	-	-
1136	Financial assets at amortized costs (Note 9)	300,000	4	-	-
1150	Notes receivable (Note 10)	825	-	2,021	-
1170	Trade receivables, net (Note 10)	1,091,198	14	1,476,281	16
1180	Receivables from affiliates (Note 28)	201,384	2	320,168	4
1200	Other receivables (Note 10)	6,838	-	30,512	-
1220	Current tax assets (Note 23)	1,127	-	-	-
130X	Inventories (Note 11)	1,830,290	23	2,483,135	28
1410	Prepayments	67,580	1	70,166	1
1476	Other financial assets (Note 29)	50	-	50	-
1479	Other current assets	8,370	-	10,614	-
11XX	Total current assets	3,880,904	49	5,034,778	56
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income (Note 8)	286,681	4	341,695	4
1550	Investments accounted for using the equity method (Note 12)	2,403,139	30	2,351,309	26
1600	Property, plant and equipment (Notes 13 and 29)	826,015	10	853,844	9
1760	Investment properties - net (Note 14)	112,724	1	113,634	1
1840	Deferred income tax assets (Note 23)	354,742	5	318,532	4
1915	Prepayments for equipment	71,844	1	26,641	-
1920	Refundable deposits	11,303	-	11,111	-
15XX	Total non-current assets	4,066,448	51	4,016,766	44
1XXX	Total assets	$ 7,947,352	100	$ 9,051,544	100
Code	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Note 15)	$ 11,802	-	$ 156,248	2
2150	Notes payable (Note 16)	5,343	-	6,256	-
2170	Trade payables (Note 16)	162,314	2	219,821	3
2180	Payables to associates (Note 28)	257,403	3	295,775	3
2200	Other payables (Note 17)	254,121	3	239,674	3
2230	Current tax liabilities (Note 23)	-	-	95,342	1
2250	Provisions for onerous contract (Note 18)	89	-	-	-
2399	Other current liabilities	26,669	1	34,906	-
21XX	Total current liabilities	717,741	9	1,048,022	12
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Note 15)	-	-	60,000	1
2570	Deferred income tax liabilities (Note 23)	283,235	4	292,849	3
2640	Net defined benefit liabilities (Note 19)	34,265	-	46,193	-
2645	Guarantee deposits received	1,478	-	1,409	-
25XX	Total non-current liabilities	318,978	4	400,451	4
2XXX	Total liabilities	1,036,719	13	1,448,473	16
	EQUITY				
3110	Share capital	2,063,900	26	2,066,900	23
3200	Capital surplus	506,552	6	509,657	6
	Retained earnings				
3310	Legal reserve	2,328,626	29	2,328,626	25
3320	Special reserves	533,764	7	157,802	2
3350	Unappropriated earnings	2,033,355	26	3,073,850	34
3300	Total retained earnings	4,895,745	62	5,560,278	61
3400	Other equity	(555,564)	(7)	(533,764)	(6)
3XXX	Total equity	6,910,633	87	7,603,071	84
	Total liabilities and equity	$ 7,947,352	100	$ 9,051,544	100

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

NIEN HSING TEXTILE CO., LTD.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
Unit: NT$ Thousand, Except (Losses) Earnings Per Share is NTD

		2023		2022	
Code		Amount	%	Amount	%
	Operating revenue (Notes 21 and 28)				
4110	Sales	$ 6,329,171	100	$ 8,690,074	100
4170	Less: Sales returns and allowances	21,957	1	15,394	-
4100	Net sales	6,307,214	99	8,674,680	100
4800	Other operating revenue	37,094	1	5,286	-
4000	Total operating revenue	6,344,308	100	8,679,966	100
	Operating costs (Notes 11, 19, 22, and 28)				
5110	Cost of goods sold	6,403,274	101	7,942,688	91
5800	Other operating costs	4,855	-	4,454	-
5000	Total operating costs	6,408,129	101	7,947,142	91
5900	Gross profit (loss)	(63,821)	(1)	732,824	9
	Operating expenses (Notes 10, 19, and 22)				
6100	Selling and marketing expenses	222,830	4	233,621	3
6200	General and administrative expenses	132,421	2	164,665	2
6300	Research and development expenses	13,804	-	16,662	-
6450	Expected credit (gain) loss	(7,011)	-	3,016	-
6000	Total operating expenses	362,044	6	417,964	5
6900	Operating (loss) gain	(425,865)	(7)	314,860	4
	Non-operating income and expenses (Notes 12, 22, and 28)				
7100	Interest income	11,629	-	3,887	-
7010	Other income	34,789	1	48,391	-
7020	Other gains and losses	(55,289)	(1)	151,705	2
7050	Finance costs	(4,632)	-	(10,889)	-
7060	Share of profits (losses) of associates accounted for using the equity method	28,135	-	12,841	-
7000	Total non-operating income and expenses	14,632	-	205,935	2

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Code		2023 Amount	2023 %	2022 Amount	2022 %
7900	Net (loss) profit before income tax	($ 411,233)	(7)	$ 520,795	6
7950	Income tax benefit (expenses) (Note 23)	48,321	1	(94,339)	(1)
8200	Net (loss) profit for the year	(362,912)	(6)	426,456	5
	Other comprehensive income (Note 20 and 23)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	(3,558)	-	44,914	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	8,245	-	(5,119)	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	711	-	(8,983)	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	75,429	2	(325,650)	(4)
	Items that may be reclassified subsequently to profit or loss				
8380	Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	3,052	-	178,956	2
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	(610)	-	(35,791)	-
8300	Other comprehensive income/(loss) for the year, net of income tax	83,269	2	(151,673)	(2)
8500	Total comprehensive income (loss)	($ 279,643)	(4)	$ 274,783	3
	Earnings (losses) per share (Note 24)				
	From continuing operations				
9710	Basic	($ 1.83)		$ 2.15	
9810	Diluted	($ 1.83)		$ 2.13	

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

NIEN HSING TEXTILE CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
Unit: NT$ Thousand

Code		Share capital (Note 20)		Capital surplus	Retained earnings (Notes 8 and 20)			Other equity			
		Number of Shares	Amount	(Note 20)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences on translating the financial statements of foreign operations (Note 20)	Unrealized gain/(loss) on financial assets at FVTOCI (Note 20)	Unearned employee compensation (Note 20 and 25)	Total Equity
A1	Balance at January 1, 2022	198,000	$ 1,980,000	$ 419,716	$ 2,282,156	$ -	$ 2,901,523	($ 653,431)	$ 495,629	$ -	$ 7,425,593
	Appropriation of the 2021 earnings										
B1	Legal reserve provided	-	-	-	46,470	-	(46,470)	-	-	-	-
B3	Special reserves provided	-	-	-	-	157,802	(157,802)	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	(206,960)	-	-	-	(206,960)
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	426,456	-	-	-	426,456
D3	Other comprehensive income (loss) after tax for the year ended December 31, 2022	-	-	-	-	-	35,931	143,165	(330,769)	-	(151,673)
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	462,387	143,165	(330,769)	-	274,783
N1	Share-based payment	8,690	86,900	89,941	-	-	270	-	-	(67,456)	109,655
Q1	Disposal of equity instruments measured at fair value through other comprehensive income/Subsidiaries' disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	120,902	-	(120,902)	-	-
Z1	Balance at December 31, 2022	206,690	2,066,900	509,657	2,328,626	157,802	3,073,850	(510,266)	43,958	(67,456)	7,603,071
	Appropriation of the 2022 earnings										
B3	Special reserves provided	-	-	-	-	375,962	(375,962)	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	(412,900)	-	-	-	(412,900)
D1	Net loss for the year ended December 31, 2023	-	-	-	-	-	(362,912)	-	-	-	(362,912)
D3	Other comprehensive income (loss) after tax for the year ended December 31, 2023	-	-	-	-	-	(2,847)	2,442	83,674	-	83,269
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	(365,759)	2,442	83,674	-	(279,643)
N1	Share-based payment	(300)	(3,000)	(3,105)	-	-	25,590	-	-	(19,380)	105
Q1	Disposal of equity instruments measured at fair value through other comprehensive income/Subsidiaries' disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	88,536	-	(88,536)	-	-
Z1	Balance at December 31, 2023	206,390	$ 2,063,900	$ 506,552	$ 2,328,626	$ 533,764	$ 2,033,355	($ 507,824)	$ 39,096	($ 86,836)	$ 6,910,633

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

NIEN HSING TEXTILE CO., LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
Unit: NT$ Thousand

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net (loss) profit before income tax for the year	($ 411,233)	$ 520,795
A20010	Adjustments for		
A20100	Depreciation expenses	94,993	92,633
A20300	Expected credit (gain) loss	(7,011)	3,016
A20400	Net (gain) loss on financial instruments at fair value through profit or loss	(230)	-
A20900	Finance costs	4,632	10,889
A21200	Interest income	(11,629)	(3,887)
A21300	Dividend income	-	(44)
A21900	Compensation costs of share-based payment	3,105	22,755
A22300	Share of profits (losses) of associates and subsidiaries accounted for using the equity method	(28,135)	(12,841)
A22500	Proceeds from disposal of property, plant and equipment	(76)	(2,898)
A23700	Impairment loss	15,950	-
A23800	Write-down of inventories	20,859	36,015
	Changes in operating assets and liabilities		
A31115	Financial assets at FVTPL	(748)	-
A31130	Notes receivable	1,196	(465)
A31150	Trade receivables	411,684	111,592
A31160	Receivables from affiliates	118,784	(42,534)
A31180	Other receivables	3,983	(15,508)
A31200	Inventories	631,986	(433,072)
A31230	Prepayments	2,586	(23,750)
A31240	Other current assets	2,244	13,699
A32130	Notes payable	(913)	(57,562)
A32150	Trade payables	(57,507)	9,168
A32160	Payables to associates	(38,372)	73,963
A32180	Other payables	14,918	19,527
A32200	Provision for onerous contracts	89	(19,359)
A32230	Other current liabilities	(8,237)	6,183
A32240	Net defined benefit liabilities	(15,486)	(16,584)
A33000	Cash generated from operations	747,432	291,731
A33500	Income tax paid	(93,871)	(9,991)
AAAA	Net cash inflow from operating activities	653,561	281,740

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Code		2023	2022
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	$ 63,259	$ 11,997
B00030	Return of capital on financial assets at fair value through other comprehensive income	-	248
B00040	Purchase of financial assets at amortized costs	(1,000,000)	-
B00050	Disposal of financial assets at amortized costs	700,000	-
B02700	Payments for property, plant and equipment	(15,453)	(18,694)
B02800	Proceeds from disposal of property, plant and equipment	77	2,923
B03800	Decrease (increase) in refundable deposits	(192)	518
B07100	Increase in prepayments for equipment	(111,955)	(60,337)
B07500	Interest received	11,730	3,568
B07600	Dividends received	54,786	22,177
BBBB	Net cash outflow from investing activities	(297,748)	(37,600)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Increase (decrease) in short-term borrowings	(144,446)	122,465
C01600	Proceeds from long-term borrowings	-	480,000
C01700	Repayments of long-term borrowings	(60,000)	(630,000)
C03100	Increase in guarantee deposits received	69	-
C04500	Cash dividends	(412,900)	(206,960)
C09900	Proceeds from employment restricted shares	-	89,600
C09900	Return of employment restricted shares	(3,000)	(2,700)
C05600	Interest paid	(5,103)	(10,422)
CCCC	Net cash used in financing activities	(625,380)	(158,017)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(269,567)	86,123
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	641,831	555,708
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 372,264	$ 641,831

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

NIEN HSING TEXTILE CO., LTD.
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The Individual Financial Statements were approved by the Company's Board of Directors on March 8, 2024.

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

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

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

(2) The IFRSs endorsed by the FSC for application starting from 2024

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”	January 1, 2024
Amendments to IAS 1, “Non-current liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

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

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

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

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

(2) Basis of Preparation

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

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

1. Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities available at the measurement date.
2. Level 2 inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 inputs: Unobservable inputs for an asset or liability.

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

(3) Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

(4) Foreign Currency

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

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

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

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

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

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

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

(5) Inventories

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

(6) Investment in Subsidiaries

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

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

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

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

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

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

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

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

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

(7) Property, Plant and Equipment

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

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

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

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

(8) Investment property

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

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

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

(9) Impairment of property, plant and equipment

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

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

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

(10) Financial Instruments

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

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

1. Financial assets

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

(1) Measurement category

Financial assets held by the Company are classified into the following categories: Financial assets at FVTPL, financial assets at amortized costs and investments in equity instruments at FVTOCI.

A. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized costs criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

B. Financial assets at amortized costs

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

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

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

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

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

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

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

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

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

C. Investments in equity instruments at FVTOCI

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

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

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

(2) Impairment of financial assets

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

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

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

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

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

B. When the underlying debt is overdue.

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

(3) Derecognition of financial assets

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

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

2. Equity instruments

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

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

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

3. Financial liabilities

   (1) Subsequent measurement

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

   (2) Derecognition of financial liabilities

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

4. Derivative financial instruments

   The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

   Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

(11) Provisions

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

<u>Onerous contract</u>

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

(12) Revenue Recognition

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

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

Sale of goods

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

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

(13) Leasing

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

1. The Company as lessor

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

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

2. The Company as lessee

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

(14) Borrowing Costs

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

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

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

(15) Employee Benefits

1. Short-term employee benefits

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

2. Retirement benefits

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

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

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

(16) Share-based payment agreement

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

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

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

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

(17) Income Tax

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

1. Current tax

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

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

2. Deferred tax

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

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

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

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

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

3. Current and deferred taxes

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When the Company develops material accounting estimates, the Company considers the possible impact of volatility in interest rate and foreign currency markets on cash flow projection, growth rates, discount rates, profitability, and other relevant significant estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash on hand	$ 1,502	$ 1,511
Checking accounts and demand deposits	70,755	113,795
Cash equivalents (Investments with original maturities of 3 months or less)		
Time deposits with banks	250,000	396,525
Short-term bills	50,007	130,000
	$ 372,264	$ 641,831

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

	December 31, 2023	December 31, 2022
Bank deposits	0.00%～3.70%	0.005%～4.38%
Short-term bills	1.15%	0.95%～1.00%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2023	December 31, 2022
Financial assets - current		
Held for trading		
Derivative financial assets (not under hedge accounting)		
- Foreign exchange forward contracts	$ 978	$ -

Foreign exchange forward contracts

The purpose of the Company's forward foreign exchange transactions is to hedge the risk of foreign currency assets or liabilities arising from exchange rate fluctuations. However, as the relevant transaction documents do not meet the requirements of hedge accounting regulations, they are classified as financial instruments measured at fair value through profit and loss in accordance with the regulations.

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

December 31, 2023

	Currency	Maturity Date	Notional Amount (NT$ Thousands)
Sell	USD/TWD	113.01.31~113.02.29	USD6,000/TWD186,000

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

	December 31, 2023	December 31, 2022
Domestic investment		
Listed shares and emerging market shares	$ 273,246	$ 328,228
Unlisted shares	13,435	13,467
	$ 286,681	$ 341,695

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

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

The Company disposed of some shares of Mycenax Biotech Inc. held at the fair value in 2023 and 2022 for NT$63,259 thousand and NT $11,997 thousand, and transferred related other equity - unrealized gain or loss on financial assets at fair value through other comprehensive gain of NT$35,944 thousand and NT$7,809 thousand to retained earnings.

In 2023, Leadray Energy Co., Ltd. conducted a capital decrease to compensate the deficit, and the Company's cancelled 1,165 thousand common shares in accordance with its shareholding pro rata for the capital decrease.

9. FINANCIAL ASSETS AT AMORTIZED COST-CURRENT

	December 31, 2023	December 31, 2022
Domestic investment		
Time deposits with original maturity date of more than three months	$ 300,000	$ -

As of December 31, 2023, the interest rate on time deposits with original maturity over three months was 1.35%.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31, 2023	December 31, 2022
Notes receivable - operating	$ 825	$ 2,021
Trade receivables		
Trade receivables	$ 1,118,145	$ 1,529,829
Less: allowance for impairment loss	(26,947)	(53,548)
	$ 1,091,198	$ 1,476,281
Other receivables		
Payment on behalf of others	$ 2,637	$ 11,873
Interest	241	342
Others	23,550	18,297
Less: allowance for impairment loss	(19,590)	-
	$ 6,838	$ 30,512

(1) Trade receivables

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

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

The expected credit loss rates for the years ended December 31, 2023 and 2022 were 0.25%~16.50% and 0.25%~20%, respectively. The Company recognizes 100% allowance for bad debts when there is information indicating that a debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. Furthermore, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2023

	Trade receivables without overdue	1 to 45 days	Over 46 days	Total
Gross carrying amount	$1,014,908	$ 103,229	$ 8	$1,118,145
Loss allowance (Lifetime ECL)	(20,504)	(6,442)	(1)	(26,947)
Amortized costs	$ 994,404	$ 96,787	$ 7	$1,091,198

December 31, 2022

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

The above aging analysis was based on the overdue days.

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

	2023	2022
Balance at the beginning of the year	$ 53,548	$ 50,532
Expected credit loss recognized(reversed)	(26,601)	3,016
Balance at the end of the year	$ 26,947	$ 53,548

(2) Other receivables

As some payments are overdue already, and by taking account of the uncertainty for collecting such payments, NT$19,590 thousand was recognized expected credit loss for 2023.

(3) Notes receivable

Ages of all notes receivables of the Company were not overdue, so the Company did not recognize an allowance for impairment loss.

11. INVENTORY

	December 31, 2023	December 31, 2022
Finished goods	$ 426,443	$ 476,289
Work in process	632,086	725,581
Raw materials	710,375	1,209,127
Inventory in transit	61,386	72,138
	$ 1,830,290	$ 2,483,135

The costs of inventories recognized as costs of goods sold for the years ended December 31, 2023 and 2022 were NT$6,403,274 thousand and NT$7,942,688 thousand, respectively. The costs of goods sold included write-down of inventories were NT$20,859 thousand and NT$36,015 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2023	December 31, 2022
Investment in Subsidiaries	$ 2,403,139	$ 2,351,309

Investment in Subsidiaries

	December 31, 2023	December 31, 2022
Nien Hsing International (B.V.I.) Co., Ltd.	$ 1,754,790	$ 1,740,071
Nien Hsing Garment (Ninh Binh) Co., Ltd.	203,282	201,954
Nien Hsing International Investment Co., Ltd.	366,411	330,578
Chih Hsing Garment (Cambodia) Co., Ltd	78,656	78,706
	$ 2,403,139	$ 2,351,309

Name of Subsidiary	Proportion of Ownership December 31, 2023	December 31, 2022
Nien Hsing International (B.V.I.) Co., Ltd.	100.00%	100.00%
Nien Hsing Garment (Ninh Binh) Co., Ltd.	100.00%	100.00%
Nien Hsing International Investment Co., Ltd.	100.00%	100.00%
Chih Hsing Garment (Cambodia) Co., Ltd	100.00%	100.00%

The share of profits and loss and share of other comprehensive income in subsidiaries recognized using the equity method in 2023 and 2022 was based on subsidiaries' financial statements for the same periods that have been audited by an independent auditor.

Nien Hsing International Investment Co., Ltd., distributed cash dividends of NT$54,786 thousand and stock dividends of NT$107,772 thousand, respectively, in 2023 and distributed cash dividends of NT$22,133 thousand in 2022.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2023	December 31, 2022
Carrying amount		
Land and land improvements	$ 234,607	$ 234,607
Buildings	308,628	327,223
Machinery and equipment	220,946	216,148
Transportation equipment	3,118	4,476
Office equipment	4,971	9,018
Miscellaneous equipment	53,745	62,372
	$ 826,015	$ 853,844

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

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

For changes of property, plant and equipment for the years ended December 31, 2023 and 2022, please refer to Table 7.

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings were set out in Note 29.

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

On November 21, 2023, the Company's denim fabric factory in Houlong will fully cease production upon the completion of the production and sales for the current orders. Therefore, the expected recoverable amount from property, plant, and equipment became NT$0. In 2023, the Company recognized impairment loss of property, plant, and equipment of NT$15,950 thousand, and estimated related severance pay of NT$74,398 thousand. It was presented under other gains and losses (Note 22).

14. INVESTMENT PROPERTY

	Land	Buildings	Total
Cost			
Balance at January 1, 2023	$ 80,284	$ 50,738	$ 131,022
Balance at December 31, 2023	$ 80,284	$ 50,738	$ 131,022
Accumulated depreciation			
Balance at January 1, 2023	$ -	($ 17,388)	($ 17,388)
Depreciation expenses	-	(910)	(910)
Balance at December 31, 2023	$ -	($ 18,298)	($ 18,298)
Carrying amounts at January 1, 2023	$ 80,284	$ 33,350	$ 113,634
Carrying amounts at December 31, 2023	$ 80,284	$ 32,440	$ 112,724
Cost			
Balance at January 1, 2022	$ 80,284	$ 50,738	$ 131,022
Balance at December 31, 2022	$ 80,284	$ 50,738	$ 131,022
Accumulated depreciation			
Balance at January 1, 2022	$ -	($ 16,478)	($ 16,478)
Depreciation expenses	-	(910)	(910)
Balance at December 31, 2022	$ -	($ 17,388)	($ 17,388)
Carrying amounts at January 1, 2022	$ 80,284	$ 34,260	$ 114,544
Carrying amounts at December 31, 2022	$ 80,284	$ 33,350	$ 113,634

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

Buildings	
Main buildings	50 to 55 years
Construction Improvements	5 years

As of December 31, 2023 and 2022, the fair values of the investment properties of the Company were NT$277,706 thousand and NT$291,132 thousand, respectively. The management of the Company conducted the evaluation with reference to the market prices of similar real estate transactions in the neighborhood to derive the fair values, which were not provided by independent appraisers.

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

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

	December 31, 2023	December 31, 2022
Year 1	$ 8,095	$ 8,083
Year 2	7,318	7,465
Year 3	7,376	7,310
Year 4	6,709	7,376
Year 5	-	6,709
	$ 29,498	$ 36,943

15. BORROWINGS

(1) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings		
Line of credit borrowings	$ 11,802	$ 156,248
Interest rate ranges		
Unsecured borrowings		
Line of credit borrowings	5.80%～6.30%	4.73%～5.58%

(2) Long-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings		
Pledged loans	$ -	$ 60,000
Interest rate ranges		
Secured borrowings		
Pledged loans	-	1.44%

The Company signed the three-year credit line agreement amounting to $700,000 thousand with Cathay United Bank in 2021. The borrowings are a revolving line of credit, with the duration from February 2, 2021 to February 2, 2024. The credit line is secured by mortgage of the Company's own land and buildings (see Note 29). As of December 31, 2023, the Company has settled the borrowings early and released the pledge.

16. NOTES PAYABLE AND TRADE PAYABLES

	December 31, 2023	December 31, 2022
Notes payable	$ 5,343	$ 6,256
Trade payables	$ 162,314	$ 219,821

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

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

17. OTHER PAYABLES

	December 31, 2023	December 31, 2022
Payables for salaries or bonuses	$ 158,106	$ 138,453
Payables for annual leave	15,293	15,186
Payables for remuneration of directors and supervisors	9,000	9,000
Others	71,722	77,035
	$ 254,121	$ 239,674

18. PROVISION FOR ONEROUS CONTRACTS

	December 31, 2023	December 31, 2022
Onerous contract	$ 89	$ -

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

19. RETIREMENT BENEFIT PLANS

(1) Defined contribution plan

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

(2) Defined benefit plan

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

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

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligation	$ 211,653	$ 218,083
Fair value of plan assets	(177,388)	(171,890)
Net defined benefit liabilities	$ 34,265	$ 46,193

Movements in net defined benefit liabilities were as follows:

	Present value of the defined benefit obligation	Fair Value of the Plan Assets	Net defined benefit liabilities
January 1, 2023	$ 218,083	($ 171,890)	$ 46,193
Service costs			
Current service costs	1,427	-	1,427
Net interest expense (income)	2,801	(2,255)	546

	Present value of the defined benefit obligation	Fair Value of the Plan Assets	Net defined benefit liabilities
Recognized in profit or loss	4,228	(2,255)	1,973
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	-	(1,438)	(1,438)
Actuarial (gain) loss - changes in demographic assumptions	(2)	-	(2)
Actuarial (gain) loss - experience adjustments	3,061	-	3,061
Actuarial (gains) losses – changes in financial assumptions	1,937	-	1,937
Recognized in other comprehensive income	4,996	(1,438)	3,558
Contributions from the employer	-	(17,459)	(17,459)
Benefits paid	(15,654)	15,654	-
December 31, 2023	$ 211,653	($ 177,388)	$ 34,265
January 1, 2022	$ 266,340	($ 158,649)	$ 107,691
Service costs			
Current service costs	1,864	-	1,864
Past service costs (gain)	(143)	-	(143)
Net interest expense (income)	1,813	(1,121)	692
Recognized in profit or loss	3,534	(1,121)	2,413
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	$ -	($ 12,741)	($ 12,741)
Actuarial (gain) loss - changes in demographic assumptions	1	-	1
Actuarial (gain) loss - experience adjustments	(18,842)	-	(18,842)
Actuarial (gains) losses – changes in financial assumptions	(13,332)	-	(13,332)
Recognized in other comprehensive income	(32,173)	(12,741)	(44,914)
Contributions from the employer	-	(17,890)	(17,890)
Benefits paid	(19,618)	18,511	(1,107)
December 31, 2022	$ 218,083	($ 171,890)	$ 46,193

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

	2023	2022
Operating cost	$ 1,451	$ 1,831
Operating expenses	522	582
	$ 1,973	$ 2,413

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

1. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investments are conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by the plan assets should not be below the interest rate for a 2-year time deposit with local banks.
2. Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
3. Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31, 2023	December 31, 2022
Discount rate	1.20%	1.30%
Expected rate of salary increase	2.00%	2.00%
Turnover rate (Note)	0.00%~0.40%	0.27%

Note: As of December 31, 2023, the turnover rate under significant actuarial assumptions was calculated at different ratios for different age groups.

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

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.25%	($ 4,795)	($ 5,199)
Decrease by 0.25%	$ 4,958	$ 5,382
Expected rate of salary increase		
Increase by 0.25%	$ 4,906	$ 5,331
Decrease by 0.25%	($ 4,770)	($ 5,177)
Turnover rate		
Expected turnover rate by 110%	($ 10)	($ 13)
Expected turnover rate by 90%	$ 10	$ 13

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

	December 31, 2023	December 31, 2022
The expected contributions to the plan for the next year	$ 17,040	$ 8,461
The average duration of the defined benefit obligation	9 years	9 years

20. EQUITY

(1) Share capital

Ordinary shares

	December 31, 2023	December 31, 2022
Shares authorized (in thousands of shares)	600,000	600,000
Shares authorized	$ 6,000,000	$ 6,000,000
Shares issued and fully paid (in thousands of shares)	206,390	206,690
Shares issued	$ 2,063,900	$ 2,066,900

The changes in the Company's share capital for 2023 and 2022 were as following:

	2023	2022
Balance at the beginning of the year	$ 2,066,900	$ 1,980,000
Issuance of the restricted shares for employee	-	89,600
Cancellation of the restricted shares for employee	(3,000)	(2,700)
Balance at the end of the year	$ 2,063,900	$ 2,066,900

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

The Company retrieved 300 thousand and 270 thousand shares from some employees retired before meeting the vesting conditions of the restricted shares for employees in 2023 and 2022. The retrieval price was $10 per share, for NT$3,000 thousand and NT$2,700 thousand.

The par value of the issued common shares is $10. Except for Note 25, the provisions related to the restricted shares for employees, carry one vote per share and carry a right to dividends.

(2) Capital surplus

	December 31, 2023	December 31, 2022
Share premiums	$ 89	$ 89
Treasury share transactions	5,952	5,952
Gain on disposal of property, plant and equipment	255	255
Consolidation excess	380,471	380,471
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	26,599	26,599
Changes in percentage of ownership interest in subsidiaries	1,194	1,194
Employee restricted shares (Note 25)	86,836	89,941
Others	5,156	5,156
	$ 506,552	$ 509,657

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

(3) Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, please refer to employee benefits expense in Note 22 (7) Employees' Compensation.

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

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

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

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings on June 13, 2023 and June 23, 2022, respectively, were as follows:

	Appropriation of Earnings		Dividends per share (NT$)	
	2022	2021	2022 (Note 1)	2021 (Note 2)
Legal reserve	$ -	$ 46,470		
Special reserves	375,962	157,802		
Cash dividend	412,900	206,960	$ 2.0	$ 1.0

Note 1: The calculation was based on the sum of the ordinary shares, 206,690 thousand shares on December 31, 2022, less the 240 thousand restricted shares for employees issued between January 1 and June 13, 2023.

Note 2: The calculation was based on the sum of the ordinary shares, 198,000 thousand shares on December 31, 2021, plus the 8,960 thousand restricted shares for employees issued between January 1 and June 23, 2022.

The Company resolved to approve the appropriations of earnings for 2023 in the board meeting on March 8, 2024 as below:

	Earning distribution proposal	Dividends per share (NT$)
	2023	2023
Cash dividend	$ 103,105	$ 0.5

Separately, it is proposed to reverse special reserves pursuant to the related correspondence orders of the FSC for NT$65,036 thousand.

The 2023 appropriations of earnings will be resolved in the shareholders' meeting on June 18, 2024.

(4) Special reserves

	2023	2022
Balance at the beginning of the year	$ 157,802	$ -
Special reserves provided		
Provision of deduction to other equity items	375,962	157,802
Balance at the end of the year	$ 533,764	$ 157,802

(5) Other equity

1. Exchange differences on translation of the financial statements of foreign operations

	2023	2022
Balance at the beginning of the year	($ 510,266)	($ 653,431)
Exchange difference arising on translation of the net assets of foreign operations	3,052	178,956
Income tax related to gains or losses arising on translation of the net assets of foreign operations	(610)	(35,791)
Balance at the end of the year	($ 507,824)	($ 510,266)

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

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

	2023	2022
Balance at the beginning of the year	$ 43,958	$ 495,629
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	8,245	(5,119)
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	75,429	(325,650)
Accumulated gains and losses on disposal of equity instruments by subsidiaries accounted for using the equity method, transferred to retained earnings	(52,592)	(113,093)
Accumulated gains and losses on disposal of equity instruments, transferred to retained earnings	(35,944)	(7,809)
Balance at the end of the year	$ 39,096	$ 43,958

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

3. Unearned employees' compensations

Please refer to Note 25 for a description of the restricted shares for employees.

	2023	2022
Balance at the beginning of the year	($ 67,456)	$ -
Granted during the year	-	(92,736)
Cancelled during the year	3,105	2,795
(Reversed) recognized expenses of share-based payment	(22,485)	22,485
Balance at the end of the year	($ 86,836)	($ 67,456)

21. REVENUE

	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	$ 6,307,214	$ 8,674,680
Other operating revenue	37,094	5,286
	$ 6,344,308	$ 8,679,966

(1) Description of customer contracts

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

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

Sale of goods

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

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

(2) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable and Trade receivables (Note 10)	$ 1,092,023	$ 1,478,302	$ 1,592,445
Receivables from affiliates (Note 28)	162,802	283,144	243,390
	$ 1,254,825	$ 1,761,446	$ 1,835,835

(3) Disaggregation of revenue

2023

	Textile Segment	Garment Segment	Total
Revenue from sale of goods	$ 3,294,516	$ 3,012,698	$ 6,307,214
Other operating revenue	32,409	4,685	37,094
	$ 3,326,925	$ 3,017,383	$ 6,344,308

2022

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

22. NET PROFIT (LOSS) FOR THE YEAR

Net profit (loss) for the current year comprises the following items:

(1) Interest income

	2023	2022
Bank deposits	$ 11,629	$ 3,887

(2) Other income

	2023	2022
Rental income	$ 8,777	$ 8,490
Compensation revenue	8,538	22,845
Dividend income	-	44
Others	17,474	17,012
	$ 34,789	$ 48,391

(3) Other gains and losses

	2023	2022
Proceeds from disposal of property, plant and equipment	$ 76	$ 2,898
Foreign exchange gains	35,952	161,493
Net gain on financial instrument at fair value through profit or loss	230	-
Compensation loss	-	(322)
Impairment loss (Note 13)	(15,950)	-
Severance pay (Note 13)	(74,398)	-
Others	(1,199)	(12,364)
	($ 55,289)	$ 151,705

(4) Finance costs

	2023	2022
Interest on bank loans	$ 4,632	$ 10,889

(5) Depreciation expenses

	2023	2022
Property, plant and equipment	$ 94,083	$ 91,723
Investment property	910	910
	$ 94,993	$ 92,633
An analysis of depreciation by function		
Operating cost	$ 80,642	$ 78,836
Operating expenses	13,441	12,887
Non-operating expenses	910	910
	$ 94,993	$ 92,633

(6) Employee benefits expense

	2023	2022
Retirement benefits (Note 19)		
Defined contribution plan	$ 17,216	$ 17,744
Defined benefit plan	1,973	2,413
	19,189	20,157
Short-term employee benefits	560,984	605,290
Resignation benefits (Notes 13 and 22(3))	74,398	-
	$ 654,571	$ 625,447
An analysis of employee benefits expense by function		
Operating cost	$ 393,611	$ 413,474
Operating expenses	186,562	211,973
Non-operating expenses	74,398	-
	$ 654,571	$ 625,447

(7) Employees' Compensation

According to the Company's Articles, the Company accrued employees' compensation at rates higher than 1% of net profit before income tax. The distribution of earnings is based on past experience and current operating circumstances. The employees' compensation for 2022 resolved by the Board of Directors amounted to NT$5,261 thousand March 10, 2023. Due to loss before income tax in 2023, it was not required to estimate employees' compensation.

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

There is no difference between the actual amounts of employees' compensation paid and the amounts recognized in the consolidated financial statements for 2022 and 2021.

Information on the employees' compensation resolved by the Company's board of directors for 2024 and 2023 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAX FROM CONTINUING OPERATIONS

(1) Income tax recognized in the profit and loss

The major components of income tax benefit (expenses) are as below:

	2023	2022
Current tax		
In respect of the current year	$ -	($ 96,842)
Income tax on unappropriated earnings	-	(2,673)
Deferred tax		
In respect of the current year	45,723	4,788
Adjustments for prior years	2,598	388
Income tax benefit (expenses) recognized in profit or loss	$ 48,321	($ 94,339)

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

	2023	2022
Net (loss) profit before income tax	($ 411,233)	$ 520,795
Income tax benefit (expenses) calculated at the statutory rate	$ 82,247	($ 104,159)
Income tax on unappropriated earnings	-	(2,673)
Income tax effects of adjusted items	(36,524)	12,105
Adjustments for income tax benefits of prior periods	2,598	388
Income tax benefit (expenses) recognized in profit or loss	$ 48,321	($ 94,339)

The tax rate applicable to the Company is 20%.

(2) Income tax benefit (expenses) recognized in other comprehensive income

	2023	2022
Deferred tax		
In respect of the current year		
—Translation of foreign operations	($ 610)	($ 35,791)
—Remeasurement of defined benefit plans	711	(8,983)
	$ 101	($ 44,774)

(3) Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	$ 1,127	$ -
Current tax liabilities		
Income tax payable	$ -	$ 95,342

(4) Deferred tax assets and liabilities

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

2023

Deferred Tax Assets	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
Temporary difference				
Exchange differences on translation of foreign operations	$252,769	$ -	($ 610)	$252,159
Allowance for loss of write-down of inventories	31,364	4,172	-	35,536
Allowance for impairment loss	7,714	(335)	-	7,379
Defined benefits retirement plans	7,643	(2,121)	711	6,233
Provisions for warranty	5,026	(2,123)	-	2,903
Loss carryforwards	-	17,646	-	17,646
Impairment loss	-	3,190	-	3,190
Severance pay	-	14,880	-	14,880
Others	14,016	800	-	14,816
	$318,532	$ 36,109	$ 101	$354,742

Deferred Tax Liabilities	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
Temporary difference				
Share of profits and losses of subsidiaries accounted for using the equity method	($292,849)	$ 9,614	$ -	($283,235)

2022

Deferred Tax Assets	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
Temporary difference				
Exchange differences on translation of foreign operations	$288,560	$ -	($ 35,791)	$252,769
Allowance for loss of write-down of inventories	24,436	6,928	-	31,364
Allowance for impairment loss	6,968	746	-	7,714
Defined benefits retirement plans	19,953	(3,327)	(8,983)	7,643
Provisions for warranty	5,128	(102)	-	5,026
Others	23,314	(9,298)	-	14,016
	$368,359	($ 5,053)	($ 44,774)	$318,532

Deferred Tax Liabilities	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
Temporary difference				
Share of profits and losses of subsidiaries accounted for using the equity method	($302,690)	$ 9,841	$ -	($292,849)

(5) Information on unused loss carryforwards

Loss carryforwards as of December 31, 2023 were as follows:

Unused Amount	Expiry Year
$ 88,229	2033

(6) Income tax assessments

The income tax returns through 2021 filed by the Company have been assessed by the tax authority.

24. EARNINGS (LOSSES) PER SHARE

Unit: NT$ Per Share

	2023	2022
Basic earnings (losses) per share	($ 1.83)	$ 2.15
Diluted earnings (losses) per share	($ 1.83)	$ 2.13

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

Net profit (loss) attributable to owners of the Company

	2023	2022
Net (losses) earnings used in the computation of basic and diluted (losses) earnings per share	($ 362,912)	$ 426,456

Number of Shares

Unit: Number of shares (in thousand)

	2023	2022
Weighted average number of ordinary shares used in the computation of basic (losses) earnings per share	198,000	198,000
Effect of potentially dilutive ordinary shares:		
Employees' bonuses or compensation	-	280
Restricted shares for employees	-	1,524
Weighted average number of ordinary shares used in the computation of diluted (losses) earnings per share	198,000	199,804

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. However, it is a loss in 2023, which has an anti-dilution effect, and thus not is accounted to compute the diluted loss per share.

25. SHARE-BASED PAYMENT ARRANGEMENTS

Program of restricted shares for employees

On August 11, 2021, the shareholders' meeting of the Company resolved to issue restricted shares for employees, with the upper limit of 9,900 shares, to be subscribed by the employees at NT$10 per share. On March 30, 2022, the board meeting adopted the resolution to grant 9,280 thousand restricted shares for employees; provided that the actual number subscribed by the employees were 8,960 thousand shares, with the granting date on March 30, 2022. The fair value of the share on the granting date was NT$20.35. As of December 31, 2023, 570 thousand shares were retrieved as some employees resigned before meeting the vesting conditions.

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

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

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

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

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

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

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

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

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

Information on the restricted shares for employees was as following:

	2023	2022
Restricted shares for employees	Unit: (in thousand)	Unit: (in thousand)
Granted but not vested at the beginning of the year	8,690	-
Granted during the year	-	8,960
Cancelled during the year (note)	(300)	(270)
Granted but not vested at the end of the year	8,390	8,690

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

The Company's employee remuneration costs recognized in 2023 and 2022 were NT$3,105 thousand and NT$22,755 thousand, respectively.

26. CAPITAL RISK MANAGEMENT

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

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

27. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
－Foreign exchange forward contracts	$ -	$ -	$ 978	$ 978
Financial assets at FVTOCI				
Investments in equity instruments				
－Domestic listed shares	$273,246	$ -	$ -	$273,246
－Domestic and foreign unlisted securities	-	-	13,435	13,435
Total	$273,246	$ -	$ 13,435	$286,681

December 31, 2022

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

There were transfers between Level 1 and Level 2 fair value measurements in 2023 and 2022. As some of the listed stocks were returned from the centralized custody compulsorily, the related amounts were transferred from Level 2 to Level 1.

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

2023

Financial assets	Financial assets at FVTPL Foreign exchange forward contracts	Financial assets at FVTOCI Investments in equity instruments
Balance at the beginning of the year	$ -	$ 13,467
Recognized in profit or loss	230	-
Settled	748	-
Recognized in other comprehensive income - Unrealized gain/(loss) on financial assets at FVTOCI	-	(32)
Balance at the end of the year	$ 978	$ 13,435

2022

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

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

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

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

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

The fair value foreign exchange forward contract was based on the discounted cash flow method. The future cash flows are estimated based on the observable forward exchange rates at the end of the period and the contractual exchange rates, and are discounted at the discount rates reflecting the credit risks of each counter party.

(2) Categories of financial instruments

The Company's financial assets and financial liabilities and their fair values as of December 31, 2023 and 2022 were as follows:

	December 31, 2023		December 31, 2022	
	Book Value	Fair Value	Book Value	Fair Value
Financial assets				
Financial assets at amortized costs				
Cash and cash equivalents	$ 372,264	$ 372,264	$ 641,831	$ 641,831
Financial assets at amortized costs	300,000	300,000	-	-
Notes receivables and trade receivables (including related parties)	1,293,407	1,293,407	1,798,470	1,798,470
Other receivables	6,838	6,838	30,512	30,512
Refundable deposits	11,303	11,303	11,111	11,111
Other financial assets	50	50	50	50
Financial assets at FVTPL	978	978	-	-
Financial assets at FVTOCI	286,681	286,681	341,695	341,695
Financial liabilities				
Financial liabilities at amortized costs				
Short-term borrowings	$ 11,802	$ 11,802	$ 156,248	$ 156,248
Notes payables and trade payables (including related parties)	425,060	425,060	521,852	521,852
Other payables	254,121	254,121	239,674	239,674
Long-term borrowings	-	-	60,000	60,000
Guarantee deposits received	1,478	1,478	1,409	1,409

(3) Financial risk management objectives and policies

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

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

1. Market risks

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

   (1) Foreign currency risk

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

   Please refer to Note 33 for the Company’s carrying amount of significant monetary assets and liabilities denominated in non-functional currency.

   Sensitivity Analysis

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

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

	Effect of USD		Effect of PESO		Effect of ZAR	
	2023	2022	2023	2022	2023	2022
Profit or loss	$37,335	$71,019	($1,813)	($1,237)	$ 9,113	$ 8,011

(2) Interest rate risk

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

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

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
- Financial assets	$ 600,007	$ 406,525
- Financial liabilities	11,802	216,248
Cash flow interest rate risk		
- Financial assets	70,805	233,845

Sensitivity Analysis

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

If interest rate increases/decreases by 25 basis points, held other variables constant, the Company's income before tax will increase/decrease by NT$177 thousand and NT$585 thousand, respectively for 2023 and 2022.

(3) Other price risk

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

Sensitivity Analysis

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

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/ decreased by NT$2,867 thousand and NT$3,417 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2. Credit risk

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

Business-related credit risk

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

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

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

Financial credit risk

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

3. Liquidity risk

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

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

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

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

28. TRANSACTIONS WITH RELATED PARTIES

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

(1) Related party name and category

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

(2) Operating revenue

Related Party Category	2023	2022
Subsidiary		
Formosa Textile Co., Ltd.	$ 540,312	$ 823,179
Phoenix Development and Marketing Co., Ltd.	39,384	52,971
Nien Hsing International (Lesotho) Co., Ltd.	68,488	35,620
	$ 648,184	$ 911,770

(3) Rental income

Related Party Category	2023	2022
Subsidiary	$ 25	$ 25
Substantial related party	128	128
	$ 153	$ 153

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

(4) Processing expenses (manufacturing expenses)

Related Party Category	2023	2022
Subsidiary		
Nien Hsing Garment (Ninh Binh) Co., Ltd.	$ 712,056	$ 795,598
Nien Hsing International (Victoria) Co., Ltd.	587,081	686,141
Formosa Textile Co., Ltd.	410,552	442,787
Nien Hsing International (Lesotho) Co., Ltd.	405,433	523,337
	$ 2,115,122	$ 2,447,863

(5) Receivables from related parties

Related Party Category	December 31, 2023	December 31, 2022
Subsidiary		
Formosa Textile Co., Ltd.	$ 162,802	$ 283,144
Phoenix Development and Marketing Co., Ltd.	-	289
Glory International Co., Ltd.	38,582	36,735
	$ 201,384	$ 320,168

(6) Payable to related parties

Related Party Category	December 31, 2023	December 31, 2022
Subsidiary		
Nien Hsing International (Victoria) Co., Ltd.	$ 36,269	$ 24,736
Nien Hsing International (Lesotho) Co., Ltd.	11,166	72,354
Chih Hsing Garment (Cambodia) Co., Ltd	77,269	77,319
Nien Hsing Garment (Ninh Binh) Co., Ltd.	131,545	121,366
Phoenix Development and Marketing Co., Ltd.	1,154	-
	$ 257,403	$ 295,775

(7) Remuneration to key management

Remuneration of directors and key management in 2023 and 2022 were as follows:

	2023	2022
Short-term employee benefits	$ 23,356	$ 33,035
Retirement benefits	515	384
Share-based payment	1,234	2,846
	$ 25,105	$ 36,265

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ -	$ 513,607
Other financial assets	50	50
	$ 50	$ 513,657

As of December 31, 2022, for the pledged amount for property, plant and equipment was NT$189,002 thousand, the revolving line of credit expired in March 2014. The Company has not retired the liens. As of December 31, 2023, the Company had been released from the pledge for the aforementioned revolving financing facility.

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) As of December 31, 2023 and 2022, unused letters of credit for purchases of raw materials and machinery and equipment amounted to NT$343,786 thousand and NT$692,058 thousand, respectively.

(2) As of December 31, 2023 and 2022, the non-cancellable cotton purchase contracts for which the Company has entered into but where the goods have not yet been received were in the amounts of 7,560 thousand pounds and 7,180 thousand pounds, respectively.

(3) The contingent liability incurred by subsidiaries to the Company were as follows:

	December 31, 2023	December 31, 2022
Provide endorsement guarantee for the loan of Phoenix Development and Marketing Co., Ltd.		
— Guarantee amount	$ 61,410	$ 61,450
— Actual Amount Borrowed	-	-
Provide endorsement guarantee for the loan of Nien Hsing International Investment Co. Ltd.		
— Guarantee amount	400,000	500,000
— Actual Amount Borrowed	-	-

31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 12, 2024, the Board of Directors of the Company resolved to conduct the public auction of its office, on the 12th floor (430.78 Taiwanese ping) and 3rd floor (434.85 Taiwanese ping), and 40 parking space, at it’s headquarter in the Wall Street Technology Building in Neihu, Taipei, and related matters.

32. OTHER MATTER

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

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency	Exchange rate	Book Value
Financial assets			
Monetary items			
USD	$ 37,063	30.705 (USD: NTD)	$ 1,138,020
ZAR	110,326	1.652 (ZAR: NTD)	182,258
			$ 1,320,278
Non-monetary items			
Subsidiaries accounted for using the equity method			

USD	2,562	30.705 (USD: NTD)	$ 78,656
VND	158,004,807	0.001 (VND NTD)	203,282
			$ 281,938
Financial liabilities			
Monetary items			
USD	12,745	30.705 (USD: NTD)	$ 391,330
PESO	19,955	1.818 (PESO: NTD)	36,269
			$ 427,599

December 31, 2022

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

For the years ended December 31, 2023 and 2022, net foreign exchange gains (losses) (realized and unrealized) were NT$35,952 thousand and NT$161,493 thousand, respectively.

34. SEPARATELY DISCLOSED ITEMS

(1) Information on significant transactions, and (2) information on investees:

1. Financing provided to others: None.
2. Endorsements/guarantees provided: Table 1.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures): Table 2.
4. Marketable securities acquired or disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT $300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.
9. Trading in derivative instruments: Notes 7 and 27.
10. Information on investees: Table 5.

(3) Information on Investments in Mainland China:

1. Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area: None.
2. Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
   (3) The amount of property transactions and the amount of the resultant gains or losses.
   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
   (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
   (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

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

Table 1

NIEN HSING TEXTILE CO., LTD.
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
Unit: NT$ Thousand

No.	Endorser/ Guarantor	Endorsee/ Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Remarks
		Company Name	Relations (Note 1)											
0	Nien Hsing Textile Co., Ltd.	Phoenix Development & Marketing Co., Ltd.	2	$ 2,073,189	$ 64,870	$ 61,410	$ -	$ -	0.89	$ 3,455,316	Y	N	N	
0	Nien Hsing Textile Co., Ltd.	Nien Hsing International Investment Co., Ltd.	2	2,073,189	500,000	400,000	-	-	5.79	3,455,316	Y	N	N	

Note 1: The relationship between Nien Hsing Textile Co., Ltd. and the endorsed/guaranteed entities can be classified into the following seven categories.

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

Note 2: The maximum total guarantee that the Company may provide is 50% of the carrying value of its net assets, and the maximum guarantee for each party is 30% of the carrying value of the Company’s net assets.

Table 2

NIEN HSING TEXTILE CO., LTD.
MARKETABLE SECURITIES HELD
December 31, 2023
Unit: NT$ Thousand

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Ending Balance				Remarks
				Number of Shares	Book Value	Percentage of Ownership (%)	Fair Value	
Nien Hsing Textile Co., Ltd.	Share							
	Mycenax Biotech Inc.	—	Financial assets at FVTOCI - non-current	6,789,665	$ 242,391	3.30	$ 242,391	
	BioGend Therapeutics Co., Ltd.	—	Financial assets at FVTOCI - non-current	806,662	30,855	0.66	30,855	
	Leadray Energy Co., Ltd.	—	Financial assets at FVTOCI - non-current	1,367,766	12,871	4.12	12,871	
	Der Yang Biotechnology Venture Capital Co., Ltd.	—	Financial assets at FVTOCI - non-current	46,018	564	2.22	564	
	Wu Hsing International Co., Ltd.	—	Financial assets at FVTOCI - non-current	450,000	-	30.00	-	Note 2

Note 1: For information about investment in subsidiaries, please refer to Table 5.
Note 2: The Company’s shareholding proportion is 30 percent, which was assessed by the management as having no material or significant influence.

NIEN HSING TEXTILE CO., LTD.
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
Unit: NT$ Thousand

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes and Trades Receivable (Payable)		Remarks
			Purchase/ Sale	Amount	% to total purchase (sales) (Note 3)	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage to total notes and accounts receivable (payable)	
Nien Hsing Textile Co., Ltd.	Formosa Textile Co., Ltd.	Sub-subsidiary	Sale	($ 540,312)	(8.53%)	(Note 2)	—	(Note 2)	$ 162,802	12.59%	
	Nien Hsing International (Victoria) Co., Ltd.	Sub-subsidiary	Processing expense	587,081	19.23%	(Note 1)	(Note 1)	(Note 1)	(36,269)	(8.53%)	
	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Subsidiary	Processing expense	712,056	23.32%	(Note 1)	(Note 1)	(Note 1)	(131,545)	(30.95%)	
	Nien Hsing International (Lesotho) Co., Ltd.	Sub-subsidiary	Processing expense	405,433	13.28%	(Note 1)	(Note 1)	(Note 1)	(11,166)	(2.63%)	
	Formosa Textile Co., Ltd.	Sub-subsidiary	Processing expense	410,552	13.45%	(Note 1)	(Note 1)	(Note 1)	-	-	

Note 1: Processing expenses charged by subsidiaries were based on operating costs; subsidiaries' payment requests were based on their financial condition.
Note 2: Payments were made based on operational cash requirements.
Note 3: Processing expense was calculated as a percentage to the sum of manufacturing expenses and direct labor.

Table 4

NIEN HSING TEXTILE CO., LTD.
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
December 31, 2023
Unit: NT$ Thousand

Company Name	Related Party	Relationship	Ending Balance	Turnover ratio	Overdue receivables from related parties		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Nien Hsing Textile Co., Ltd.	Formosa Textile Co., Ltd.	Sub-subsidiary	$ 162,802	(Note 1)	$ -	—	$ 55,558	$ -

Note 1: Collection of receivables was based on the related parties' cash requirements.

Table 5

NIEN HSING TEXTILE CO., LTD.
INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
Unit: NT$ Thousand

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net Income (Loss) of the Investee	Share of Profit (Loss)	Remarks
				End of current period	End of last year	Number of shares	Percentage (%)	Book Value			
Nien Hsing Textile Co., Ltd.	Nien Hsing International (B.V.I.) Co., Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investment holding company	$ 458,543	$ 458,543	19,185	100.00	$1,754,790	$ 20,863	$ 20,863	Subsidiary
	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Plot C4, Khanh Phu Industrial zone, Khanh Phu Commune, Yen Khanh district, Ninh Binh province, Vietnam	Denim garments processing	714,092	714,092	-	100.00	203,282	3,782	3,782	Subsidiary
	Chih Hsing Garment (Cambodia) Co., Ltd	Road 6, Phum Khtor, Sangkat Prek Leap, Chroy Changvar District, Phnom Penh, Kingdom Of Cambodia	Denim garments processing	133,641	133,641	4,500	100.00	78,656	1	1	Subsidiary
	Nien Hsing International Investment Co., Ltd.	12F-2, No. 308, Neihu Rd., Sec. 1, Neihu Dist., Taipei City, Taiwan 114, R.O.C.	Investment business	20,000	20,000	20,500,000	100.00	366,411	3,489	3,489	Subsidiary

Table 6

NIEN HSING TEXTILE CO., LTD.
INFORMATION OF MAJOR SHAREHOLDERS
December 31, 2023

Name of major shareholder	Share	
	Number of shares	Percentage of Ownership (%)
Ron Yuan Investment Co., Ltd.	47,524,506	23.02%
Panda Investment Co., Ltd.	28,892,146	13.99%

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

Table 7

NIEN HSING TEXTILE CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
Unit: NT$ Thousand

	Land	Land improvements	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Construction in progress	Total
Cost									
Balance at January 1, 2023	$ 234,607	$ 1,516	$ 717,513	$ 1,373,085	$ 9,229	$ 36,459	$ 660,768	$ -	$ 3,033,177
Addition	-	-	505	3,948	-	116	10,884	-	15,453
Disposal	-	-	-	(2,039)	-	(72)	(5,514)	-	(7,625)
Reclassifications	-	-	-	56,936	-	-	9,816	-	66,752
Balance at December 31, 2023	$ 234,607	$ 1,516	$ 718,018	$ 1,431,930	$ 9,229	$ 36,503	$ 675,954	$ -	$ 3,107,757
Accumulated Depreciation and Impairment									
Balance at January 1, 2023	$ -	$ 1,516	$ 390,290	$ 1,156,937	$ 4,753	$ 27,441	$ 598,396	$ -	$ 2,179,333
Disposal	-	-	-	(2,039)	-	(72)	(5,513)	-	(7,624)
Impairment loss	-	-	-	7,101	428	269	8,152	-	15,950
Depreciation expenses	-	-	19,100	48,985	930	3,894	21,174	-	94,083
Balance at December 31, 2023	$ -	$ 1,516	$ 409,390	$ 1,210,984	$ 6,111	$ 31,532	$ 622,209	$ -	$ 2,281,742
Net as of December 31, 2023	$ 234,607	$ -	$ 308,628	$ 220,946	$ 3,118	$ 4,971	$ 53,745	$ -	$ 826,015
Cost									
Balance at January 1, 2022	$ 234,607	$ 1,516	$ 713,236	$ 1,330,792	$ 9,229	$ 32,098	$ 648,372	$ 672	$ 2,970,522
Addition	-	-	1,158	3,536	-	1,956	9,597	2,447	18,694
Disposal	-	-	-	(37,935)	-	(246)	(8,315)	-	(46,496)
Reclassifications	-	-	3,119	76,692	-	2,651	11,114	(3,119)	90,457
Balance at December 31, 2022	$ 234,607	$ 1,516	$ 717,513	$ 1,373,085	$ 9,229	$ 36,459	$ 660,768	$ -	$ 3,033,177
Accumulated Depreciation and Impairment									
Balance at January 1, 2022	$ -	$ 1,516	$ 371,415	$ 1,149,283	$ 3,823	$ 24,072	$ 583,972	$ -	$ 2,134,081
Disposal	-	-	-	(37,935)	-	(246)	(8,290)	-	(46,471)
Depreciation expenses	-	-	18,875	45,589	930	3,615	22,714	-	91,723
Balance at December 31, 2022	$ -	$ 1,516	$ 390,290	$ 1,156,937	$ 4,753	$ 27,441	$ 598,396	$ -	$ 2,179,333
Net as of December 31, 2022	$ 234,607	$ -	$ 327,223	$ 216,148	$ 4,476	$ 9,018	$ 62,372	$ -	$ 853,844

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Table 1

Nien Hsing Textile Co., Ltd.
Statement of Cash and Cash Equivalents
December 31, 2023
Unit: NT$ Thousand, Unless Specified Otherwise

Item	Amount
Cash on hand	$ 1,502
Bank deposits	
Checking account and demand deposit	25,200
Foreign currency demand deposits (Note 1)	45,555
Cash equivalents	
Bank time deposits : annual interest rates of 1.35%-1.44%, expiry dates range from February 5, 2024 to April 1, 2024	250,000
Short-term bills－annual interest rates of 1.15%, expiry date on January 2, 2024	50,007
	$ 372,264

Note 1: Including USD 1,484 thousand, converted at the exchange rate US$1=NT$30.705

Table 2

Nien Hsing Textile Co., Ltd.
Statement of financial assets at amortized cost
December 31, 2023
Unit: NT$ Thousand

Item	Amount
The time deposits with original maturity date of more than three months: annual interest rate of 1.35%, expiry dates range from January 3, 2024 to February 20, 2024	$ 300,000

Table 3

Nien Hsing Textile Co., Ltd.
Statement of Trade Receivables
December 31, 2023
Unit: NT$ Thousand

Name	Amount
M001 company	$ 341,916
S094 company	254,435
S162 company	120,949
S070 company	100,863
Others (Note)	299,982
	1,118,145
Less: allowance for impairment loss	26,947
Total	$ 1,091,198

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

Table 4

Nien Hsing Textile Co., Ltd.
Statement of Inventories
December 31, 2023
Unit: NT$ Thousand

Item	Amount: Cost	Amount: Net realizable value (Note)
Raw materials	$ 699,351	$ 794,226
Work in process	632,086	679,321
Finished goods	426,443	428,383
Raw materials in transit	61,386	61,386
Supplies	11,024	11,024
	$ 1,830,290	$ 1,974,340

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

Table 5

Nien Hsing Textile Co., Ltd.
Statement of Changes in Financial Assets at Fair Value through Other Comprehensive Income
FOR THE YEARS ENDED DECEMBER 31, 2023
Unit: NT$ Thousand, Unless Specified Otherwise

Name	Balance at the beginning of the year		Increase during the year		Decrease during the year		Unrealized gain/(loss) on financial assets at FVTOCI	Balance at the end of the year		Guarantee or pledge
	Number of Shares/Units	Fair Value	Number of shares	Amount	Number of shares	Amount		Number of Shares/Units	Fair Value	
Mycenax Biotech Inc.	8,289,665	$ 310,863	-	$ -	1,500,000	$ 63,259	($ 5,213)	6,789,665	$ 242,391	None
BioGend Therapeutics Co., Ltd.	806,662	17,365	-	-	-	-	13,490	806,662	30,855	None
Leadray Energy Co., Ltd.	2,532,619	12,944	-	-	1,164,853	-	(73)	1,367,766	12,871	None
Der Yang Biotechnology Venture Capital Co., Ltd.	46,018	523	-	-	-	-	41	46,018	564	None
Wu Hsing International Industrial Co., Ltd (Note 1)	450,000	-	-	-	-	-	-	450,000	-	None
		$ 341,695		$ -		$ 63,259	$ 8,245		$ 286,681	

Note 1: The Company's shareholding proportion was 30 percent, which was assessed by the management as having no substantial significant influence.

Table 6

Nien Hsing Textile Co., Ltd.
Statement of Changes in Investments Accounted for Using the Equity Method
FOR THE YEARS ENDED DECEMBER 31, 2023
Unit: NT$ Thousand, Unless Specified Otherwise

		Balance at the beginning of the year		Increase during the year		Decrease during the year						Balance at the end of the year			
Investee	Par value per share (NT$)	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Cash dividend	Share of profits (losses) accounted for using the equity method	Foreign currency translation adjustment	Unrealized gain/(loss) on financial assets at FVTOCI	Number of shares	Shareholding %	Amount	Remarks
Accounted for using the equity method															
Nien Hsing International (B.V.I.) Co., Ltd	US$ 500	19,185	$1,740,071	-	$ -	-	$ -	$ -	$ 20,863	$ 5,557	($ 11,701)	19,185	100	$1,754,790	(Note 1)
Nien Hsing Garment (Ninh Binh) Co., Ltd.	-	-	201,954	-	-	-	-	-	3,782	(2,454)	-	-	100	203,282	(Note 1 and 2)
Chih Hsing Garment (Cambodia) Co., Ltd	US$1,000	4,500	78,706	-	-	-	-	-	1	(51)	-	4,500	100	78,656	(Note 1)
Nien Hsing International Investment Co., Ltd.	NT$ 10	9,722,833	330,578	10,777,167	-	-	-	(54,786)	3,489	-	87,130	20,500,000	100	366,411	(Note 1)
			$2,351,309		$ -		$ -	($ 54,786)	$ 28,135	$ 3,052	$ 75,429			$2,403,139	

Note 1: Calculated based on the financial statements audited by an independent auditor during the same period.
Note 2: There was no data on par value and number of shares because it was not a company limited by shares.
Note 3: Investments accounted for using the equity method was neither pledged nor collateralized.

Table 7

Nien Hsing Textile Co., Ltd.
Statement of Short-term Borrowings and Long-term Borrowings
December 31, 2023
Unit: NT$ Thousand, unless Specified Otherwise

Types of Borrowings and Creditors	Borrowings period	Annual Interest Rate (%)	Balance at the end of the year	Financing Line	Pledged or Secured	Remarks
Short-term borrowings						
Line of credit borrowings						
Hua Nan Bank	2023.12.12-2024.1.5	5.80%~6.30%	$ 11,802	$ 11,802	None	Note 1

Note 1: It was the LC advance on behalf of the Company. The balance at the end of the year was USD384 thousand, which was converted at the exchange rate of US$1: NT$30.705.

Table 8

Nien Hsing Textile Co., Ltd.
Statement of Trade payables
December 31, 2023
Unit: NT$ Thousand

Supplier	Amount
M001 company	$ 17,947
22318987 company	17,626
LUD001 company	11,175
PD384 company	9,118
Others (Note)	106,448
Total	$ 162,314

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

Table 9

Nien Hsing Textile Co., Ltd.
Statement of Operating Revenue
FOR THE YEARS ENDED DECEMBER 31, 2023
Unit: NT$ Thousand

Item	Number	Amount
Sales		
Denim garment (dozen)	864 thousand dozens	$ 3,009,027
Denim (yard)	27,789 thousand yards	2,776,922
Ring spinning yarn (kg)	4,227 thousand kgs	507,323
Others		35,899
Subtotal		6,329,171
Less: Sales returns		5,809
Sales allowances		16,148
Subtotal		21,957
Other operating revenue		37,094
Net Operating Revenue		$ 6,344,308

Table 10

Nien Hsing Textile Co., Ltd.
Statement of Operating Costs
FOR THE YEARS ENDED DECEMBER 31, 2023
Unit: NT$ Thousand

Item	Amount
Raw materials at the beginning of the year (including raw materials in transit)	$ 1,295,300
Raw materials purchased	2,884,810
Raw materials at the end of the year (including raw materials in transit)	(795,253)
Plus (minus): Inventory profit	3,671
Transferred from self-made finished products (Note)	237,800
Sale	(46,984)
Own used and others	(82,216)
Annual raw material used	3,497,128
Direct labor	193,386
Manufacturing overheads	2,788,328
Manufacturing costs	6,478,842
Plus (minus): Work in progress at the beginning of the year	745,282
Work in progress at the end of the year	(674,383)
Others	1,222
Cost of finished goods	6,550,963
Plus (minus): Finished goods at the beginning of the year	587,570
Finished goods at the end of the year	(527,309)
Transferred back to raw materials (Note)	(237,800)
Sales returns	6,500
Inventory profit	49
Own used and others	(86,042)
Cost of finished goods sale	6,293,931
Cost of raw materials and work in progress sale	46,984
Cost of transferred from unamortized fixed manufacturing overheads	67,827
Write-down of inventories	20,859
Provision for onerous contracts	89
Inventory profit	(3,720)
Revenue from sale of scraps	(22,696)
Cost of goods sold	6,403,274
Other operating costs	4,855
Total operating costs	$ 6,408,129

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

Table 11

Nien Hsing Textile Co., Ltd.
Statement of Operating Expenses
FOR THE YEARS ENDED DECEMBER 31, 2023
Unit: NT$ Thousand, Unless Specified Otherwise

	Selling and marketing expenses	General and administrative expenses	Research and development expenses	Expected credit loss (gain)	Total
Salaries	$ 72,287	$ 69,439	$ 1,032	$ -	$142,758
Directors' remuneration	-	9,425	-	-	9,425
Expected credit loss (gain)	-	-	-	(7,011)	(7,011)
Freight	21,815	91	-	-	21,906
Taxation	18,981	2,882	-	-	21,863
Sample fee	40,886	-	-	-	40,886
Insurance expense	24,401	9,362	169	-	33,932
Commission expense	13,254	-	-	-	13,254
Commodity development fee	-	-	12,137	-	12,137
Depreciation	3,677	9,764	-	-	13,441
Others (Note)	27,529	31,458	466	-	59,453
Total	$222,830	$132,421	$ 13,804	($ 7,011)	$362,044

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

Table 12

Nien Hsing Textile Co., Ltd.
Statement of Employee Benefit, Depreciation and Amortization Expenses for the Period
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022
Unit: NT$ Thousand, Unless Specified Otherwise

	2023				2022			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total
Employee benefits expense								
Salary and wages	$ 334,626	$ 142,758	$ -	$ 477,384	$ 352,361	$ 169,061	$ -	$ 521,422
Labor and health insurance	32,273	17,114	-	49,387	31,959	16,240	-	48,199
Pension	11,505	7,684	-	19,189	12,694	7,463	-	20,157
Directors' remuneration	-	9,425	-	9,425	-	9,485	-	9,485
Other employee benefit expenses	15,207	9,581	74,398	99,186	16,460	9,724	-	26,184
	$ 393,611	$ 186,562	$ 74,398	$ 654,571	$ 413,474	$ 211,973	$ -	$ 625,447
Depreciation expenses	$ 80,642	$ 13,441	$ 910	$ 94,993	$ 78,836	$ 12,887	$ 910	$ 92,633

Note:
1. The average number of employees for this year and the previous year were 785 and 786 respectively, of which the average number of directors who do not concurrently serve as an employee were 4 and 4 respectively.
2. For companies whose shares have been listed on the stock exchange or traded on an OTC market, the following additional information should be disclosed:
   (1) The average employee benefit expense for the year was NT$826 thousand ((Total employee benefit expense for the year－ Total remuneration for Directors) / (Number of employees for the year − Number of Directors who do not serve concurrently as an employee))
   The average employee benefit expense for the previous year was NT$788 thousand ((Total employee benefit expense for the previous year－ Total remuneration for Directors) / (Number of employees for the previous year − Number of Directors who do not serve concurrently as an employee))
   (2) The average employee salary expense for the year was NT$611 thousand (Total salary expense for the year / (Number of employees for the year－ Number of Directors who do not serve concurrently as an employee.))
   The average employee salary expense for the previous year was NT$667 thousand (Total salary expense for the year / (Number of employees for the previous year－ Number of Directors who do not serve concurrently as an employee.))
   (3) The average adjustment of employee salary and wages decreased by 8.40%.
   (4) The Company has established an audit committee, and the remuneration of independent directors has been disclosed along with remuneration of the directors.
   (5) Salary and remuneration policy
   A. Directors' remuneration:
   a. Commuting fee: $3~5 thousand per meeting.
   b. Remuneration: Each director of the Company receives a fixed remuneration of $1,000 thousand per year.
   c. Directors' remuneration: Compensations are not available for directors.
   d. Other rewards: The chairman of the Company is issued a company car.

B. Manager's remuneration:

a. Salaries and Bonuses: Salaries are given in accordance with the Company's salary approval regulations; bonuses are given with reference to the operating performance and future risks of each business unit; a performance bonus is given if the annual operating profit and production targets are met.

b. Employees' compensation: Employee compensations are not available for managers.

c. Other rewards: The Company's manager equals to or above the vice president level is issued a company car.

The remuneration committee of the Company also regularly evaluates and reviews the policies, systems, standards and structures of remuneration awarded to directors, supervisors and managers, and proposes to the board of directors for consideration.

C. Employee remuneration:

The Company's remuneration policy positively relates to individual ability, contribution to the Company, individual performance and operating performance. Remuneration is comprised of three parts: basic salary, bonus and employee compensation and benefits. Criteria for remuneration payments can be broken down to (a) basic salary, given based on the Company's salary approval regulations, as well as the market competition of the employee's job; (b) bonus and employee remuneration, given when department targets are met, or company operating performance are satisfied; and (c) benefits, devised to care for employees needs in accordance with laws and regulations.