Stock code: 6506

Shuang-Bang Industrial Corp.

2022 Annual Report

Published April 30, 2023

Annual report available at
Market Observation Post System: http://mops.twse.com.tw
Company website: http://www.sbinet.com.tw

I. Name, title, contact number, and e-mail of spokesperson and acting spokesperson

Spokesperson	Acting Spokesperson
Name: Yu-Chuan Hsu	Name: Min-Chu Lin
Title: President	Title: Vice President of Finance Department
TEL: (049)225-7450	TEL: (049)225-7450
Email: rita@sbinet.com.tw	Email: nitalin@sbinet.com.tw

II. Address of the headquarters and 1st Plant: No. 3, Yongxing Road, Nantou City, Nantou County

TEL: (049)225-7450

Address of 2nd Plant: No. 155, Renhe Road, Nantou City, Nantou County

TEL: (049)225-1505

Address of 3rd Plant: No. 101, Nangang 3rd Road, Nantou City, Nantou County

TEL: (049)225-5970

III. Name, address, contact number, and website of share transfer agency

Name: Stock Transfer Agency Department, Capital Securities Corp.

Address: B2, No. 97, Section 2, Dunhua South Road, Taipei City

TEL: (02)2702-3999

Website: www.capital.com.tw

IV. Name of CPA and the name, address, website and contact number of the accounting firm for the latest financial report

Name: CPA Chun-Chen Ko, CPA Tzu-Yang Wang

CPA firm: Weyong International CPAs & Co.

Address: 10F-1, No. 52, Gongyi Road, Taichung City

TEL: (04)2319-2789

Website: www.weyong.com.tw

V. Overseas exchange where securities are listed: None

VI. Company website: www.sbinet.com.tw

Shuang-Bang Industrial Corp.

Table of Contents

One. A Message to Shareholders

I. 2022 business report

On behalf of the board, I would like to first thank all our employees for their contribution and all our shareholders for their long-time support.

Below is a report on the Company's 2022 business performance and 2023 business plans and goals:

(I) Achievements of 2022 business plan

The Company’s net consolidated revenue totaled NT$2,186,641 thousand for 2022, at a gross margin of 14.06%. Earnings per share was at NT$3.20.

The Company saw a recovery of orders in 2022 as the pandemic eased. As a result, consolidated revenue grew 8.60% from 2021. Gross profits increased by 10.87% from the previous year.

(II) Budget execution in 2022

The Company did not disclose its financial forecast for 2022, hence no explanation is required.

(III) Revenue, expense, and profitability analysis

1. Financial overview and analysis

Unit: NTD thousands

Item	2022	2021	Variation (%)
Net operating revenues	2,186,641	2,013,489	8.60
Operating costs	(1,879,287)	(1,736,266)	8.24
Gross profit	307,354	277,223	10.87
Operating expenses	(226,352)	(192,660)	17.49
Operating net profit	81,002	84,563	(4.21)
Non-operating net income (expense)	191,172	6,443	2,867.13
Profit before tax	272,174	91,006	199.07
Income tax expense	(15,431)	(15,050)	2.53
Current net income	256,743	75,956	238.02
Other comprehensive income	14,943	3,456	332.38
Total comprehensive income for the current period	271,686	79,412	242.12

Note: The above figures were taken from audited consolidated financial statements

2. Profitability analysis

Item/Year	2022	2021
Return on assets (%)	10.42%	3.40%
Return on equity (%)	19.43%	6.01%

As a percentage of paid-up capital (%)	Operating profit	9.84%	10.27%
	Profit before tax	33.05%	11.05%
Net profit margin (%)		11.74%	3.77%
Earnings per share (NTD) (Note)		3.20	0.83

Note: EPS is calculated after making retrospective adjustments based on weighted average outstanding shares in the current year.

(IV) Research and development

1. Highly breathable bio-based hydrophilic film (biomass content >40%)
2. Bio-based microporous film (biomass content >35%)
3. Weatherproof resin
4. Water-based hot-melt adhesive
5. 100% toluene resin
6. One-shot finish resin
7. bluesign® approved moistrure permeable membrane
8. Foam injection technology
9. Hot-melt adhesive for footwear
10. R-PET hot-melt adhesive
11. Non-yellowing TPU film

II. 2023 business plan

(I) Operational strategies for the current year

1. Enhance group-wide resource integration and improve operating performance.
2. Strengthen customer relations for increased collaborative benefits.
3. Promote environment-friendly products and rally consumers toward social responsibilities.
4. Improve quality management practices to ensure the stability of product quality for better customer satisfaction.
5. Invest into the improvement of production procedures for reduced production cost and enhanced competitiveness.
6. Enhance industrial safety and health training, and improve work environment for all employees.

(II) Expected sales volume and basis

Unit: tonnes/thousand yards

Main products	Expected 2023 volumes
Coating and lamination	21,000
Resin	3,300
Curing agent	3,200
TPU	955

The above forecasts of sales and volumes are based on 2022 results, new products under development, anticipated growth in 2023 and customers' demand.

(III) Key production/sales policies

1. Making ongoing improvements to the production procedure for better customer satisfaction.
2. Develop high value-adding products for improved competitiveness.
3. Work with globally reputable companies for new market expansion.
4. Promote environment-friendly products and rally consumers toward social responsibilities.

III. Future development strategies

(I) Maintain productive interaction with upstream and downstream partners for more stable supply and sales network.

(II) Take initiative in the development of innovative products for greater market expansion.

(III) Train talents and enhance employee training and education to support business expansion.

IV. Impacts of the competitive environment, regulatory environment, and the overall business environment

Despite intensifying competition in the external environment, the management has tracked market changes closely and responded to complex and unpredictable situations with appropriate strategies in a timely manner. With the support of the R&D team, the Company has been able to introduce products with distinctive advantages to meet the competition and thrive amidst the challenging environment. With respect to the regulatory environment, the Company observes national policies and laws whereas internal units such as finance, shareholder service, internal audit etc. are capable of monitoring changes and making appropriate adjustments to internal systems, operations, and business activities to ensure continuity. As for the macroeconomic environment, increased volatility in the price of raw materials has had direct impact on the Company's business costs, which the management has responded with pro-active inventory controls, product portfolio adjustments, and continued new product developments in an attempt to expand market presence for greater performance.

We hereby present to shareholders our business performance for 2022 along with outlooks and strategies for the current year. Motivated by the philosophy of "integrity, quality, innovation, and sharing," Shuang-Bang envisions itself of becoming "world's top tier technology innovator and value creator" and will accelerate new product development and strengthen technical capabilities critical to competitiveness, in order to produce high-quality products catering to customers' needs and gain market shares. Lastly, we thank you once more for your trust and support in the last year, and look forward to your guidance and encouragement in the future.

Chairman: Chung-Tang Chang

Manager: Yu-Chuan Hsu Chief

Accounting Officer: Min-Chu Lin

Two. Company Profile

I. Date of establishment

November 17, 1989.

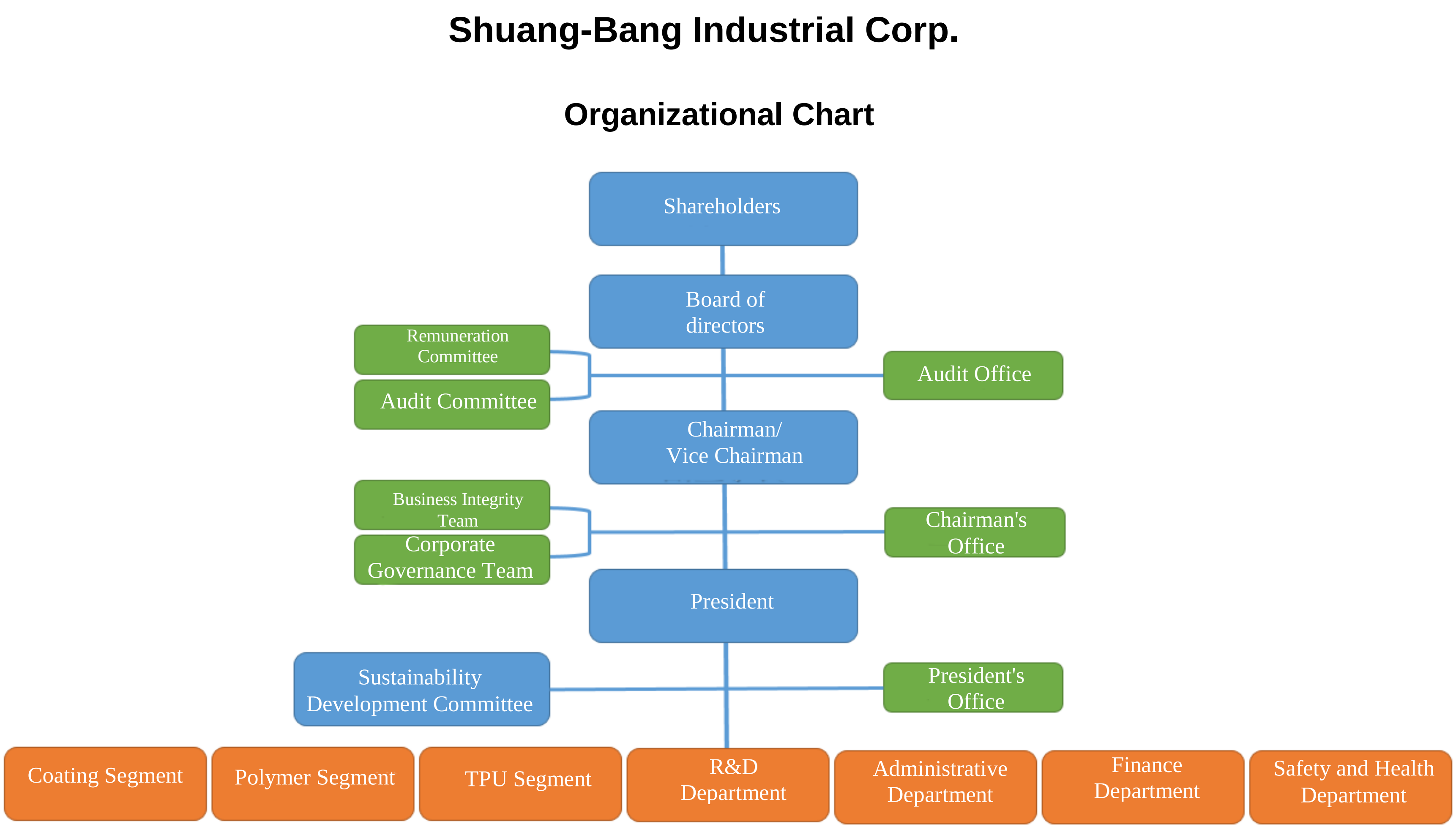
II. Company history

Year	Major events
March 2021	Received NT$10.4 million of subsidy from the Ministry of Economic Affairs through the Taiwan Industry Innovation Platform Program.
June 2021	Adjusted industry classification from "Chemical" to "Textile."
July 2021	Ranked among the Top 5000 Largest Corporations in Taiwan 2021, and the 997th manufacturer in terms of net revenues
August 2021	Establishment of Audit Committee
November 2021	Awarded with Silver Medal by Workforce Development Agency, Ministry of Labor for TTQS (TalenT Quality Management System)
January 2022	Certification of GRS (Global Recycled Standard)
March 2022	Disposal of land and factory on Chenggong 3rd Road, Nantou City
November 2022	Consolidation of the subsidiary Shuang-Bang Industrial Corp. (BVI)

Three. Corporate Governance Report

I. Organizational structure

(I) Organizational Chart



(II) Responsibilities of main departments

Main departments	Main business activities
Audit Office	Planning, execution, and auditing of the Company's internal audit system; providing improvement opinions for the management.
Chairman's Office	1. Evaluates matters concerning business investment 2. New business development 3. Establishment of future growth strategies
President's Office	1. Purchase of raw materials and fixed assets 2. Public relations
Coating Segment	1. Sale and customer service for waterproof and breathable fabrics and other laminated products 2. Production and processing of waterproof and breathable fabrics and other laminated products 3. Sale and customer service for waterproof and breathable fabrics and other coated products 4. Production and processing of waterproof and breathable fabrics and other coated products
Polymer Segment	1. Sale and customer service for resins and curing agents 2. Sale and customer service for special chemicals 3. Production of resins and curing agents
TPU Segment	Production and sale of TPU, and related customer service
R&D Department	1. Development of waterproof and breathable fabrics and other coating technologies 2. Development of resins, curing agents, and special chemicals
Administrative Department	1. Human resource planning, performance evaluation, and attendance management 2. Employee welfare and matters relating to Labor/National Health Insurance 3. Management of documents and data relating to ISO-9001 and ISO-14001 4. Maintenance and management of fixed assets 5. Warehousing and transportation of raw materials and finished goods 6. Information system development and management, software/hardware management, and cybersecurity management

Finance Department	1. Accounting treatment, bookkeeping, and statement preparation 2. Budget planning and discrepancy analysis 3. Cost control and calculation 4. Collection and payment of transaction proceeds 5. Sourcing of working capital and planning of capital allocation 6. Record-keeping and management of customers' checks 7. Petty cash management 8. Sign-off, distribution, delivery, and record-keeping of cash and check
Safety and Health Department	Management of work safety and worker health issues

II. Background information of directors, the President, vice presidents, assistant vice presidents, and heads of departments and branch offices

(I) Directors

1. Director's profile

April 22, 2023

Title	Nationality or place of registration	Name	Gender/ age	Date elected/on board	Term of service	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse and underage children		Shares held by proxy		Main career (academic) backgrounds	Other positions with the Company and other companies concurrently held	Spouse or relatives of second degree or closer acting as manager, director, or supervisor			Remarks
							No. of shares	Shareholding Percentage	No. of shares	Shareholding Percentage	No. of shares	Shareholding Percentage	No. of shares	Shareholding Percentage			Title	Name	Relationship	
Chairman	R.O.C.	Chung-Tang Chang	Male /70	2021.08.27	3 years	1989.11.04	6,146,434	7.46%	6,479,43	7.87%	1,000,871	1.22%	—	—	Department of Chemistry, National Chung Hsing University President and Chairman of the Company	Note 1	None	—	—	Note 6
Vice Chairman	R.O.C.	Ah-Ming Chen	Male /64	2021.08.27	3 years	1994.11.10	4,998,802	6.07%	4,998,802	6.07%	2,524,897	3.07%	450,522	0.55%	Department of Chemistry, National Cheng Kung University Business Manager and President of the Company	Note 2	None	—	—	—
Director	R.O.C.	Hsi-Neng Hsieh	Male /67	2021.08.27	3 years	2000.05.21	891,571	1.08%	891,571	1.08%	9,345	0.01%	—	—	Master's Degree, Institute of Polymer Science & Engineering, Tsinghua University Deputy Manager of R&D Department of Sunko Ink Co., Ltd. Senior Researcher of Great Eastern Resins Industrial Co. Ltd.	—	None	—	—	—

Title	Nationality or place of registration	Name	Gender/ age	Date elected/on board	Term of service	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse and underage children		Shares held by proxy		Main career (academic) backgrounds	Other positions with the Company and other companies concurrently held	Spouse or relatives of second degree or closer acting as manager, director, or supervisor			Remarks
							No. of shares	Shareholding Percentage	No. of shares	Shareholding Percentage	No. of shares	Shareholding Percentage	No. of shares	Shareholding Percentage			Title	Name	Relationship	
															Vice President of the Company (retired)					
Director	R.O.C.	Ken-Chen Chen	Male /78	2021.08.27	3 years	2006.05.16	567,269	0.69%	567,269	0.69%	–	–	–	–	Department of International Business, Tamkang University CEO of Panel Group	Note 3	None	–	–	–
Director	R.O.C.	Ho-Pin Lin	Male /67	2021.08.27	3 years	2009.06.30	2,608,121	3.17%	2,622,121	3.18%	509,196	0.62%	–	–	Lizen High School Chairman of Ho Jing Co., Ltd.	Note 4	None	–	–	–
Director	R.O.C.	Uei-Want Industrial Co., Ltd.	–	2021.08.27	3 years	2012.06.18	2,500,000	3.04%	2,500,000	3.04%	–	–	–	–	–	–				–
	R.O.C.	Representative: Cheng-Yen Liang	Male /72	–	–	–	–	–	–	–	–	–	–	–	National Pingtung Senior High School Chairman of Uei-Want Industrial Co., Ltd.	Note 5	None	–	–	–
Independent Director	R.O.C.	Tu-Hsin Yang	Male /72	2021.08.27	3 years	2007.12.20	–	–	–	–	–	–	–	–	Ph.D. in Organic Chemistry, Ohio State University Professor of Chemistry , National Chung Hsing University	–	None	–	–	–
Independent	R.O.C.	Yen Wang	Male /67	2021.08.27	3 years	2007.12.20	–	–	–	–	–	–	–	–	Ph.D. in Marketing, University of Minnesota	–	None	–	–	–

Title	Nationality or place of registration	Name	Gender/ age	Date elected/on board	Term of service	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse and underage children		Shares held by proxy		Main career (academic backgrounds)	Other positions with the Company and other companies concurrently held	Spouse or relatives of second degree or closer acting as manager, director, or supervisor			Remarks
							No. of shares	Shareholding Percentage	No. of shares	Share holding Percentage	No. of shares	Shareholding Percentage	No. of shares	Shareholding Percentage			Title	Name	Relationship	
Director															Team Leader of Trading Department, Taiwan Stock Exchange Corporation Researcher, University of Minnesota					
Independent Director	R.O.C.	Cheng-Feng Cheng	Male /70	2021.08.27	3 years	2021.08.27	18,468	0.02%	18,468	0.02%	78,802	0.10%	—	—	Ph.D. in Chemistry, University of North Texas Professor of Chemistry , National Chung Hsing University	—	None	—	—	—

Note 1: CSO of the Company; Chairman of Wada Technology Co., Ltd.; Corporate Director Representative at Miracle Textile Industry Co., Ltd.; Corporate Director Representative at Shoetex Corporation; Chairman of Shoetex Corporation

Note 2: Vice President of the Company; Chairman of Chia Cherng Industry Co., Ltd.; Corporate Director Representative at Shoetex Corporation

Note 3: CEO of Panel Group; Director of Tung Kang Industrial Co., Ltd.; Director of Tung Yo Industrial Co., Ltd.; Director of Panel Trading Co., Ltd.

Note 4: Chairman of Ho Jing Co., Ltd.; Chairman of Fujian Baoshunxing Trading Co., Ltd.

Note 5: Director of Uei-Want Industrial Co., Ltd.; Chairman of Unifong Corporation

Note 6: Chairman and President or manager of the highest equivalent level are the same person or spouses or first-degree relatives to each other: none.

2. Major shareholders of corporate shareholders:

April 22, 2023

Name of corporate shareholder	Corporate shareholder's major shareholders
Uei-Want Industrial Co., Ltd.	Cheng-Yen Liang (34%), Tsai-Chou Chen (7%), Cheng-Yuan Liang (10%), Chao-Nan Huang (6%), Hsuan-Hao Liang (18%), I-Ting Liang (10%), I-Hsin Liang (10%), Yu-Huai Liang (5%)

Key shareholders of major corporate shareholders: Not applicable.

3. Directors' expertise and independent directors' independence:

Criteria / Name	Professional qualification and experience (Note 1)	Independence criteria (Note 2)	Number of concurrent positions as independent director in other public companies
Chung-Tang Chang	1. Possesses operational experience, chemistry and textile knowledge, knowledge of international markets, and risk management, crisis management, leadership, and decision-making skills. 2. Current Chairman and CSO of the Company. 3. Former President of the Company.	1.Non-independent Director 2.None of the directors had any relationship characterized as spouse or 2nd-degree relative or closer to each other	None
Ah-Ming Chen	1. Possesses operational experience, chemistry and textile knowledge, knowledge of international markets, and risk management, crisis management, leadership, and decision-making skills. 2. Current Vice Chairman and Vice President of Investment Office of the Company. 3. Former President and Business Manager of the Company.		None
Hsi-Neng Hsieh	1. Possesses operational experience, chemistry knowledge, knowledge of international markets, and risk management, leadership, and decision-making skills. 2. Current Director of the Company. 3. Former Vice President of R&D Department of the Company.		None
Ken-Chen Chen	1. Possesses operational experience, knowledge of international markets, knowledge of the chemical industry, and risk management, crisis management, leadership, and decision-making skills. 2. Current CEO of Panel Group. 3. Former CEO of Panel Group.		None
Ho-Pin Lin	1. Possesses operational experience, knowledge of international markets, knowledge of the shoe-making industry, and risk management, crisis management, leadership, and decision-making skills. 2. Current Chairman of Ho Jing Co., Ltd. 3. Former Chairman of Ho Jing Co., Ltd.		None

Criteria / Name	Professional qualification and experience (Note 1)	Independence criteria (Note 2)	Number of concurrent positions as independent director in other public companies
Representative of Uei-Want Industrial Co., Ltd.: Cheng-Yen Liang; onboard August 27, 2021	1. Possesses operational experience, knowledge of international markets, knowledge of the shoe-making industry, and risk management, crisis management, leadership, and decision-making skills. 2. Current Chairman of Uei-Want Industrial Co., Ltd. 3. Former Chairman of Uei-Want Industrial Co., Ltd.		None
Tu-Hsin Yang	1. Possesses knowledge of the chemical industry and risk management, crisis management, leadership, and decision-making skills. No circumstances as described in Article 30 of the Company Act 2. Current: Independent Director, Audit Committee member, and Remuneration Committee member of the Company. 3. Former: Professor of Chemistry , National Chung Hsing University.	The three directors on the left: 1. All satisfied the independence criteria required of independent directors. 2. Completely satisfied the independence criteria: (1) None of the individual, spouse, and 2nd-degree relatives or closer serve as director, supervisor, or employee in the Company or any of its related enterprises. (2) Percentage of the Company's shares held in the name of self, spouse, or 2nd-degree relatives or closer: Tu-Hsin Yang, Yen Wang: 0%. Cheng-Feng Cheng: 97,270 shares, 0.12% (3) Did not serve as director, supervisor, or employee in any entity that had certain relationship with the Company (refer to Subparagraphs 5-8, Paragraph 1, Article 6 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange”). (4) Did not receive compensation from the Company or its affiliated enterprises for commercial, legal, financial, or accounting services in the last two years.	None
Yen Wang	1. Possesses financial, accounting, and legal knowledge and risk management, crisis management, leadership, and decision-making skills. No circumstances as described in Article 30 of the Company Act 2. Current: Independent Director, Audit Committee member, and Remuneration Committee member of the Company. 3. Former: Associate Professor of Finance at Chaoyang University of Technology; Team Leader of Trading Department, Taiwan Stock Exchange Corporation; Researcher, University of Minnesota.		None
Cheng-Feng Cheng Onboard August 27, 2021	1. Possesses knowledge of the chemical industry and risk management, crisis management, leadership, and decision-making skills. No circumstances as described in Article 30 of the Company Act 2. Current: Independent Director, Audit Committee member, and Remuneration Committee member of the Company. 3. Former: Professor of Chemistry , National Chung Hsing University; Vice President of National Chung Hsing University.		None

Note 1: Professional qualifications and experiences: Please describe the professional qualifications and experiences of individual directors and supervisors. If an Audit Committee member is equipped with accounting or financial expertise, it is necessary to provide his/her accounting or financial background and work experience and explain whether these is any circumstance specified in Article 30 of the Company Act.

Note 2: It is necessary to describe the independence of independent directors. This includes but not limits to the adherence to the following (1) to (4) requirements for the directors, their spouses and relatives within two degrees of kinship.

(1) None of the director, spouse, and relatives within two degrees of kinship serves as a director, supervisor, or employee in the

Company or any of its related enterprises.

(2) None of the director, spouse, and relatives within two degrees of kinship holds the Company shares (or under other's names).

(3) Not serving as a director, supervisor or employee of a company with specific relationships with the Company (in reference to Subparagraphs 5 to 8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)

(4) No rendering of services in business, legal, financial, or accounting to the Company or its affiliated enterprises during the last two years.

4. Diversity and independence of the board of directors:

A. Board diversity

(1) Composition of the board: The Company has a board diversity policy that outlines not only the knowledge and skills, but also the professional backgrounds and experiences that the board as a whole must possess (professional background of current board members covers: business administration, international markets, risk management, marketing, accounting, finance, and laws). Many of the directors have had decades of management experience and are highly respected within the industry.

The Company has been highly dependent upon the knowledge, insight, operational judgment, leadership, and decision-making skills of its directors.

(2) The board as a whole shall possess the following capacities:

1. Operational judgment.
2. Accounting and financial analysis.
3. Business administration. (Including ability to manage subsidiaries)
4. Crisis management.
5. Industry knowledge.
6. International marketing
7. Leadership.
8. Decision making.

(3) Management targets

Management targets	Achievement
At least one third of the board members equipped with professional knowledge about chemical, textile or shoe industry	Achieved
At least one third of independent directors equipped with expertise in law, finance or accounting	Achieved

(4) Analysis of industry knowledge and professional skills among the current directors:

(1) Chairman

Director member	Date elected/ onboard	Nationality	Gender	Age distribution			Industry experience				Professional capabilities				
				Age 31 to 50	Age 51 to 70	Age 71 and above	Coating	Polymer	Shoe-making	Investment	Business administration	International markets	Risk management	Accounting and financial analysis	Law
Chung-Tang Chang	2021/8/27	R.O.C.	Male		○		○	○	○	○	○	○	○	○	

(2) Director

Director member	Date elected/ onboard	Nationality	Gender	Age distribution			Industry experience				Professional capabilities				
				Age 31 to 50	Age 51 to 70	Age 71 and above	Coating	Polymer	Shoe-making	Investment	Business administration	International markets	Risk management	Accounting and financial analysis	Law
Ah-Ming Chen	2021/8/27	R.O.C.	Male		○		○	○		○	○	○	○		
Hsi-Neng Hsieh	2021/8/27	R.O.C.	Male		○		○	○		○	○	○	○		
Ken-Chen Chen	2021/8/27	R.O.C.	Male			○		○		○	○	○	○		
Ho-Pin Lin	2021/8/27	R.O.C.	Male		○				○	○	○	○	○		
Cheng-Yen Liang	2021/8/27	R.O.C.	Male			○			○	○	○	○	○		

(3) Independent directors

Director member	Date elected/ onboard	Nationality	Gender	Age distribution			Industry experience				Professional capabilities				
				Age 31 to 50	Age 51 to 70	Age 71 and above	Coating	Polymer	Shoe-making	Investment	Business administration	International markets	Risk management	Accounting and financial analysis	Law
Yen Wang	2021/8/27	R.O.C.	Male		○					○	○		○	○	○
Tu-Hsin Yang	2021/8/27	R.O.C.	Male			○		○			○		○		
Cheng-Feng Cheng	2021/8/27	R.O.C.	Male		○			○			○		○		

B. Board independence: Please provide the number and the percentage of independent directors, describe the board independence and explain whether there is any circumstance specified in Subparagraphs 3 and 4, Article 26-3 of the Securities and Exchange Act. This includes whether directors and supervisors are spouses or relatives within two degrees of kinship to each other.

(1) Number and percentage of independent directors: The Company has three independent directors, or 33% of the board.

(2) Board independence
Two directors are also employees, or 22% of the board. (Please refer to the table above) None of the total nine directors is related within two degrees of kinship, in compliance with Subparagraph 3, Article 26-3 of the Securities and Exchange Act. Please refer to pages 8-9 of this annual report for details.

(3) The Company does not have supervisors and hence there is no circumstance specified in Subparagraph 4, Article 26-3 of the Securities and Exchange Act.

(II) Background information of the President, vice presidents, assistant vice presidents, and heads of departments and branches

April 22, 2023

Title	Nationality	Name	Gender	Date elected/ onboard	Current shareholding		Shareholding held by the spouse and minor children		Shares held by proxy		Main career (academic) backgrounds	Concurrent positions in other companies	Spouse or relatives within two degrees of kinship as managers			Remarks
					No. of shares	Shareholding Percentage	No. of shares	Shareholding Percentage	No. of shares	Shareholding Percentage			Title	Name	Relationship	
CSO	R.O.C.	Chung-Tang Chang	Male	2017.03	6,479,434	7.87%	1,000,871	1.22%	—	—	Department of Chemistry , National Chung Hsing University President and Chairman of the Company	Chairman of Wada Technology Co., Ltd.; Corporate Director Representative at Miracle Textile Industry Co., Ltd.; Corporate Director Representative at Shoetex Corporation; Chairman of Shoetex Corporation	—	—	—	Note
President	R.O.C.	Yu-Chuan Hsu	Female	2015.01	322,399	0.39%	—	—	—	—	Feng Chia University (Ph.D. in Finance) Tiaoho & Co. Finance Manager and Business Department Manager of the Company	Corporate Director Representative at Miracle Textile Industry Co., Ltd.; Supervisor of Shoetex Corporation	—	—	—	Note
Chairman's Office Vice President	R.O.C.	Ah-Ming Chen	Male	2007.03	4,998,802	6.07%	2,524,897	3.07%	450,522	0.55%	Department of Chemistry , National Cheng Kung University Business Manager and President of the Company	Chairman of Chia Cherng Industry Co., Ltd.; Corporate Director Representative at Shoetex Corporation	—	—	—	—
Finance Department	R.O.C.	Min-Chu Lin	Female	2013.05	92,438	0.11%	—	—	—	—	EMBA, National Chung Hsing University KPMG Taiwan	Supervisor of Miracle Textile Industry Co., Ltd.	—	—	—	—

Vice President												Corporate director representative at Shoetex Corporation				
Assistant Vice President of Polymer Segment	R.O.C.	Chun-Han Li	Male	2018.03	8,509	0.01%	—	—	—	—	Department of Chemical Engineering, National Chin-Yi University of Technology Production manager of the Company	None	—	—	—	—
Coating Segment Assistant Vice President	R.O.C.	Chien-Chung Ko	Male	2019.06	42,288	0.05%	—	—	—	—	San-Chung Commercial and Industrial Vocation High School Business Manager of the Company	None	—	—	—	—

Note: President or manager of the highest equivalent grade being the same person as or a spouse or first-degree relative to the Chairman: None.

III. Compensation paid to directors, supervisors, the President, and vice presidents in the last year

(I) Compensation to non-independent and independent directors

Unit: NTD thousands

Title		Name	Directors' compensation								Sum of A, B, C and D as a percentage of net income		Compensation received as employee								Sum of A, B, C, D, E, F, and G and relative percentage to net income		Compensation from parent company or business investments other than subsidiaries
			Benefits (A)		Severance pay and pension (B)		Director remuneration (C)		Business Fees for services rendered (D)				Salaries, bonuses and special disbursements, etc. (E)		Severance pay and pension (F)		Employee remuneration (G)						
																	The Company		All companies included in the financial statements				
			The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company.	All companies included in the financial statements	The Company.	All companies included in the financial statements	The Company.	All companies included in the financial statements	The Company.	All companies included in the financial statements	The Company.	All companies included in the financial statements	Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares	The Company.	All companies included in the financial statements	
Director	Chairman	Chung-Tang Chang																					
	Vice Chairman	Ah-Ming Chen																					
	Director	Hsi-Neng Hsieh																					
	Director	Ken-Chen Chen	-	-	-	-	5,950	5,950	340	346	6,290 2.38%	6,296 2.45%	11,304	11,313	108	108	577	-	577	-	18,279 6.93%	18,294 7.13%	None
	Director	Ho-Pin Lin																					
	Director	Representative of Uei-Want Industrial Co., Ltd.: Cheng-Yen Liang																					
Independent Director	Independent Director	Tu-Hsin Yang																					
	Independent Director	Yen Wang	360	360	-	-	2,550	2,550	300	300	3,210 1.22%	3,210 1.25%	-	-	-	-	-	-	-	-	3,210 1.22%	3,210 1.25%	None
	Independent Director	Cheng-Feng Cheng																					

1. The policy, system, standards, and structure by which independent director compensation is paid, and association between the amount paid and independent directors' responsibilities, risks, and time committed: Independent directors are entitled to fixed monthly pay and travel allowance for every meeting attended. Furthermore, the Articles of Incorporation allows the Company to allocate remuneration to all directors and supervisors up to 3% of current year's profits. The exact amounts of remuneration are adjusted according to business performance and allocated depending on directors' contribution.
2. Compensation received by director for providing service to any company included in the financial statements (e.g. consultancy service without the title of an employee) in the last year: None

Compensation range

Range of compensation paid to directors of the Company	Name of director			
	Sum of first 4 compensations (A+B+C+D)		Sum of first 7 compensations (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Below NT$1,000,000	Ah-Ming Chen, Hsi-Neng Hsieh, Ken-Chen Chen, Ho-Pin Lin, Repretative of Uei-Want Industrial Co., Ltd.: Cheng-Yen Liang	Ah-Ming Chen, Hsi-Neng Hsieh, Ken-Chen Chen, Ho-Pin Lin, Repretative of Uei-Want Industrial Co., Ltd.: Cheng-Yen Liang	Ken-Chen Chen, Ho-Pin Lin, Hsi-Neng Hsieh, Repretative of Uei-Want Industrial Co., Ltd.: Cheng-Yen Liang	Ken-Chen Chen, Ho-Pin Lin, Hsi-Neng Hsieh, Repretative of Uei-W Industrial Co., Ltd.: Cheng-Yen Li
NT$1,000,000 (inclusive) - NT$2,000,000 (non-inclusive)	Chung-Tang Chang, Yen Wang, Tu-Hsin Yang, Cheng-Feng Cheng	Chung-Tang Chang, Yen Wang, Tu-Hsin Yang, Cheng-Feng Cheng	Yen Wang, Tu-Hsin Yang, Cheng-Feng Cheng	Yen Wang, Tu-Hsin Yang, Cheng-Feng Cheng
NT$2,000,000 (inclusive) - NT$3,500,000 (non-inclusive)	—	—	—	—
NT$3,500,000 (inclusive) - NT$5,000,000 (non-inclusive)	—	—	Ah-Ming Chen	Ah-Ming Chen
NT$5,000,000 (inclusive) - NT$10,000,000 (non-inclusive)	—	—	Chung-Tang Chang	Chung-Tang Chang
NT$10,000,000 (inclusive) - NT$15,000,000 (non-inclusive)	—	—	—	—
NT$15,000,000 (inclusive) - NT$30,000,000 (non-inclusive)	—	—	—	—
NT$30,000,000 (inclusive) - NT$50,000,000 (non-inclusive)	—	—	—	—
NT$50,000,000 (inclusive) - NT$100,000,000 (non-inclusive)	—	—	—	—

NT$100,000,000 and above	—	—	—	—
Total	9 individuals	9 individuals	9 individuals	9 individuals

(II) 2022 remuneration to President and Vice Presidents

Unit: NTD thousands

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and special disbursements, etc. (C)（Note 1）		Employee remuneration (D)				Sum of A, B, C and D as a percentage of net income (%)		Compensation from business investments other than subsidiaries
		The Company.	All companies included in the financial statements	The Company.	All companies included in the financial statements	The Company.	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company.	All companies included in the financial statements	
								Cash Amount	Shares Amount	Cash Amount	Shares Amount			
President	Yu-Chuan Hsu	11,141	11,501	296	317	6,217	6,265	1,101	—	1,101	—	18,755 7.11	19,184 7.47	None
CSO	Chung-Tang Chang													
Vice President	Ah-Ming Chen													
Vice President	Min-Chu Lin													

Note 1: Various bonuses, incentives, traffic allowances, special disbursements, benefits, payment in kind such as dormitories, company cars and other compensations.

Compensation range

Range of compensation to President and vice presidents of the Company	Name of President and vice presidents	
	The Company	All companies included in the financial statements E
Below NT$1,000,000	—	—
NT$1,000,000 (inclusive) - NT$2,000,000 (non-inclusive)	—	—

NT$2,000,000 (inclusive) - NT$3,500,000 (non-inclusive)	Min-Chu Lin	Min-Chu Lin
NT$3,500,000 (inclusive) - NT$5,000,000 (non-inclusive)	Yu-Chuan Hsu, Ah-Ming Chen	Yu-Chuan Hsu, Ah-Ming Chen
NT$5,000,000 (inclusive) - NT$10,000,000 (non-inclusive)	Chung-Tang Chang	Chung-Tang Chang
NT$10,000,000 (inclusive) - NT$15,000,000 (non-inclusive)	—	—
NT$15,000,000 (inclusive) - NT$30,000,000 (non-inclusive)	—	—
NT$30,000,000 (inclusive) - NT$50,000,000 (non-inclusive)	—	—
NT$50,000,000 (inclusive) - NT$100,000,000 (non-inclusive)	—	—
NT$100,000,000 and above	—	—
Total	4 individuals	4 individuals

(III) Names of managers who received employee remuneration and distribution in 2022

Unit: NTD thousands

	Title	Name	Amount paid in shares (Note)	Amount paid in cash (Note)	Total	Total as a percentage of net income (%)
Managers	President	Yu-Chuan Hsu	–	1,498	1,498	0.58
	CSO	Chung-Tang Chang				
	Vice President	Ah-Ming Chen				
	Vice President	Min-Chu Lin				
	Assistant Vice President	Chun-Han Li				
	Assistant Vice President	Chien-Chung Ko				

Note: Represents the estimated amount of employee remuneration for managers in 2023 up until the publication of annual report that has not been approved by the board of directors.

(IV) Amount of compensation paid in the last 2 years by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, President, and Vice Presidents, and their respective percentages to standalone or separate net income, as well as the policies, standards, and packages by which they were paid, the procedures through which compensations were determined, and their association with business performance and future risks.

1. Percentage (%) of standalone or separate net income paid by the Company and all companies included in the consolidated financial statements as compensation to the Company's directors, President, and vice presidents in the last 2 years

Payer	Title	2021		2022	
		Total compensation	As a percentage of net income (%)	Total compensation	As a percentage of net income (%)
The Company	Directors (including independent directors)	13,712	19.98%	21,489	8.15%
	President and vice presidents	16,291	23.73%	18,755	7.11%
All companies included in the consolidated statements	Directors (including independent directors)	13,776	18.13%	21,506	8.38%
	President and vice presidents	16,727	22.02%	19,175	7.47%

2. Compensation policies, standards, packages and procedures, and association with future risks and business performance

   (1) Director remuneration includes traffic allowances and director emoluments. (A) traffic allowances: based on industry practice and according to the number of board meeting attendances; (B) 2022 director emoluments: no higher than 3% of annual profits allocated as director emoluments according to Article 30 of the Company’s Articles of Incorporation. Distribution of director remuneration is subject to resolution in a board meeting with more than two-thirds of the board present, and voted in favor by more than half of all attending directors. This decision must also be reported in shareholder meeting. Directors who hold concurrent employment positions are also entitled to the compensations described in (2) and (3) below.

   (2) Appointment, dismissal, and compensation of the Company's President and vice presidents are executed according to company policies. Compensation standards are determined by the Human Resources Department based on performance evaluation rules after taking into account individual performance, contribution to the Company's operations, and peer levels. These standards are subject to Remuneration Committee's review and board of directors' approval before execution.

   (3) The Company's compensation policy aims to compensate individual employees for their professional capacity, contribution, and performance in a manner that is positively correlated with operational performance. Given that the Company has adopted appropriate control over future risks, there is certain association between the compensation policy and future risks. Employees' compensation comprises three main components: basic salary, bonus and remuneration, and benefits. Basic salary is determined according to company policies after taking into consideration the employee's job role and market competition; bonus and remuneration are associated with the accomplishment of individual and department goals and the Company's overall performance; lastly, benefits are designed to cater for employees' needs subject to compliance with laws, which are uniform across employees.

IV. Corporate governance

(I) Functionality of the board of directors

(1) Functionality of the board of directors

Seven (A) board meetings were convened during the most recent year. The attendances are as follows:

Title	Name	No. of in-person attendance (B)	No. of proxy attendance	In-person attendance rate (%) [B/A] (Note)	Remarks
Chairman	Chung-Tang Chang	7	0	100	—
Vice Chairman	Ah-Ming Chen	7	0	100	—
Director	Hsi-Neng Hsieh	7	0	100	—
Director	Ken-Chen Chen	7	0	100	—
Director	Ho-Pin Lin	6	0	86	—
Director	Representative of Uei-Want Industrial Co., Ltd.: Cheng-Yen Liang	6	0	86	—
Independent Director	Tu-Hsin Yang	7	0	100	—
Independent Director	Yen Wang	7	0	100	—
Independent Director	Cheng-Feng Cheng	7	0	100	—

Note: Calculated based on the number of board of directors meetings held and in-person attendance during active duty.

Other mandatory disclosures:

I. For board of directors meeting that meets any of the following descriptions, state the date, session, the discussed motion, independent directors' opinions and how the Company responded to such opinions:

(I) Conditions described in Article 14-3 of the Securities and Exchange Act.

(II) Any other documented objections or reservations raised by independent director against board resolution in relation to matters other than those described above: None.

Board of directors	Motion details and subsequent actions taken	Conditions described in Article 14-3 of the Securities and Exchange Act	Objections or reservations from independent directors
1st board meeting in 2022 January 19, 2022	1. Matters reviewed by the first Remuneration Committee meeting in 2022	V	-
	Independent directors' opinions: None		
	Company's response to independent directors' opinions: None		
	Resolution: For motion #1, Chairman Chung-Tang Chang and Vice Chairman Ah-Ming Chen recused due to the personal stakes involved, and the motion was passed as proposed by the remaining attending directors when inquired by Director Yen Wang. The other motions were passed unanimously by all attending directors.		
2nd board meeting in 2022 March 18, 2022	1. Amendments to the Company's Asset Acquisition and Disposal Procedures	V	-
	Independent directors' opinions: None		
	Company's response to independent directors' opinions: None		
	Resolution: Passed unanimously by all attending directors.		
3rd board meeting in 2022 May 6, 2022	1. Matters reviewed by the third Remuneration Committee meeting in 2022	V	-
	Independent directors' opinions: None		
	Company's response to independent directors' opinions: None		
	Resolution: Chairman Chung-Tang Chang and Vice Chairman Ah-Ming Chen recused due to the personal stakes involved, and the motion was passed as proposed by the remaining attending directors when inquired by Director Yen Wang.		
6th board meeting in 2022	1. Matters reviewed by the fourth Remuneration Committee meeting in 2022	V	-

November 10, 2022	2. Appointment of and compensation to CPAs in 2023	V	-
	3. Consolidation of 100% owned investee - SHUANG BANG INDUSTRIAL CORP. (BVI)	V	-
	Independent directors' opinions: None		
	Company's response to independent directors' opinions: None		
	Resolution: For motion #1 and #3 , Chairman Chung-Tang Chang and Vice Chairman Ah-Ming Chen recused due to the personal stakes involved, and the motion was passed as proposed by the remaining attending directors when inquired by Director Yen Wang. The other motions were passed unanimously by all attending directors.		

Execution of board performance evaluation

Assessment cycle	Assessment duration	Scope of assessment	Assessment method	Assessment details
Once a year	January 1, 2022 to December 31, 2022	Board of directors	Board of directors internal self-evaluation	1. Level of participation in the Company's operations 2. Improvement of board decision quality 3. Composition of the board of directors 4. Election and continuing education of directors 5. Internal control

The results of the 2022 board performance assessments are between five points “strongly agree” and four points “agree”. Directors mostly thought positively of the performance of assessment indicators. The assessment found the Board of Directors and functional committees performed well, in adherence to corporate governance requirements. The board functions were effectively strengthened and shareholders’ rights were protected.

II. Disclosure regarding avoidance of interest-conflicting motions, including the names of directors concerned, the motions, the nature of conflicting interests, and the voting process:

1. 1st board meeting in 2022:

Subject: Review of managers' 2021 year-end bonus during the first Remuneration Committee meeting in 2022

Resolution: Chairman Chung-Tang Chang and Director Ah-Ming Chen recused due to the personal stakes involved, and the motion was passed as proposed by the remaining attending directors when inquired by Director Yen Wang, who served as the acting chair.

2. 3rd board meeting in 2022

Subject: Review of 2021 remuneration to directors, supervisors, managers and employees and 2021 distribution of bonuses to managers during the third Remuneration Committee meeting in 2022

Resolution: Chairman Chung-Tang Chang and Director Ah-Ming Chen recused due to the personal stakes involved, and the motion was passed as proposed by the remaining attending directors when inquired by Director Yen Wang, who served as the acting chair.

3. 6th board meeting in 2022

Subject: 1. Review of managers' 2022 salary adjustment for managers during the fourth Remuneration Committee meeting in 2022

Resolution: Chairman Chung-Tang Chang and Director Ah-Ming Chen recused due to the personal stakes involved, and the motion was passed as proposed by the remaining attending directors when inquired by Director Yen Wang, who served as the acting chair.

Subject 2: Consolidation of 100% owned investee - SHUANG BANG INDUSTRIAL CORP. (BVI)

Resolution: Chairman Chung-Tang Chang as a director of SHUANG BANG INDUSTRIAL CORP. (BVI) recused from the voting due to conflict of interest. Vice President Ah-Ming Chen inquired and obtained the consent of attending directors. The proposal was approved accordingly.

III. Enhancements to the functionality of board of directors in the current and most recent year:

1. The Company assembled its Audit Committee in 2021.
2. Significant attention has been placed on board members' diversity in addition to the knowledge, skills, and professional backgrounds needed to perform duties. Directors' knowledge and business judgments have contributed significantly to the Company's operating strategies.
3. The board of directors held seven meetings in 2022, in adherence to requirements set in the Rule of Procedures for Board Meetings for at least one meeting per quarter. Important proposals have been disclosed on Market Observation Post System and over the Company's website for information transparency.
4. With a robust board governance system, the Company has duly made public and transparent disclosures of relevant information.

(II) Involvement of Audit Committee members or supervisors in board of directors meetings

1. A total of five Audit Committee meetings (A) were held during the last year. Attendance records of independent directors are summarized below:

Title	Name	Attendance No. of times	No. of proxy attendance	In-person attendance rate (%)	Remarks
Independent Director	Yen Wang	5	0	100%	-
Independent Director	Tu-Hsin Yang	5	0	100%	-
Independent Director	Cheng-Feng Cheng	5	0	100%	-

Other mandatory disclosures:

I. For Audit Committee meetings that meet any of the following descriptions, details such as the date and session of Audit Committee meeting held, the motions discussed, independent directors' objections, reservations, or key recommendations, the Audit Committee's resolution, and how the Company has responded to Audit Committee's opinions are disclosed in the chart below.

(I) Conditions described in Article 14-5 of the Securities and Exchange Act.

Date of Remuneration Committee meeting	Motion details and subsequent actions taken
January 19, 2022	1.CPA independence and suitability assessment
	■ Resolution: Passed unanimously by all attending members. ■ Company's response to committee's opinions: All motions were passed unanimously by attending directors as recommended by Audit Committee.
March 18, 2022	1.The Company's 2021 Internal Control System Effectiveness Review and Declaration of Internal Control System 2.Amendments to the Company's Asset Acquisition and Disposal Procedures 3.The Company's 2021 financial statements and business report 4.The Company's 2021 earnings distribution 5.Distribution of capital reserves in cash
	■ Resolution: Passed unanimously by all attending members.

	■ Company's response to committee's opinions: All motions were passed unanimously by attending directors as recommended by Audit Committee.
May 6, 2022	1.Consolidated financial statements of the Company and subsidiaries for the period from January 1 to March 31, 2022
	■ Resolution: Passed unanimously by all attending members. ■ Company's response to committee's opinions: All motions were passed unanimously by attending directors as recommended by Audit Committee.

Committee meeting date	Motion details and subsequent actions taken
August 5, 2022	1.Consolidated financial statements of the Company and subsidiaries for the period from January 1 to June 30, 2022
	■ Resolution: Passed unanimously by all attending members. ■ Company's response to committee's opinions: All motions were passed unanimously by attending directors as recommended by Audit Committee.
November 10, 2022	1.Consolidated financial statements of the Company and subsidiaries for the period from January 1 to September 30, 2022 2.The Company's 2023 audit plan 3.CPA independence and suitability assessment 4.Appointment of and compensation to CPAs in 2023 5.Consolidation of 100% owned investee - SHUANG BANG INDUSTRIAL CORP. (BVI)
	■ Resolution: Passed unanimously by all attending members. ■ Company's response to committee's opinions: All motions were passed unanimously by attending directors as recommended by Audit Committee.

(II) Other than those described above, any resolutions not approved by Audit Committee but resolved by more than two-thirds of directors.

II. Avoidance of involvements in interest-conflicting motions by independent directors, including details such as the name of independent director, the motion, the nature of conflicting interests, and involvement in the voting process: none.

III. Communication between independent directors and internal/external auditors (e.g. discussions concerning the Company's financial and business affairs, the major events, method of communication, and the outcome).

1. The Audit Committee convenes quarterly meetings, during which the Chief Internal Auditor would report to independent directors on the internal audit tasks performed as well as follow-ups on previous findings to keep independent directors informed on the Company's operations and internal control risks. Execution of internal audit and follow-up improvement of abnormal findings are discussed in board of directors meetings, and the board would supervise the internal audit unit to evaluate and investigate major issues for the risks involved. Communication between independent directors and the Chief Internal Auditor is considered fair.
2. The Audit Committee duly reviews quarterly financial statements and issues review reports on annual financial statements. Members of the committee are able to communicate with managers directly to clarify any issues and learn the state of the Company's operations.
3. Independent directors and the Chief Internal Auditor are invited to participate in every quarterly board of directors meeting. The Chief Internal Auditor reports the progress of internal audit tasks to the board of directors during quarterly meetings.
4. When reviewing annual financial statements, the Audit Committee would invite financial statement auditors to meetings to explain the preparation process, the issues encountered, and any updates in regulation. All related matters are adequately discussed with independent directors. Financial statement auditors are also invited to board meetings to explain and communicate with directors.
5. The Chief Internal Auditor, CPA, and independent directors are able to contact each other directly at any time using open communication channels.

■ Communication between independent directors and the Chief Internal Auditor

Date	Key points of communication	Execution progress
March 18, 2022	The Company's 2021 Internal Control System Effectiveness Review and Declaration of Internal Control System	Passed review and reported in board of directors meeting afterwards
November 10, 2022	Internal audit report and 2023 audit plan	Passed review and reported in board of directors meeting afterwards

■ Summary of communications between independent directors and external auditors

Date	Key points of communication	Execution progress
March 18, 2022	2021 parent company-only and consolidated financial statements	CPAs reported on the financial statements and discussed with independent directors on relevant issues. The financial statements passed review and were

		presented to the board of directors afterwards.
August 5, 2022	2022 Q2 consolidated financial statements	CPAs reported on the financial statements and discussed with independent directors on relevant issues. The financial statements passed review and were presented to the board of directors afterwards.
November 10, 2022	2022 Q3 consolidated financial statements	CPAs reported on the financial statements and discussed with independent directors on relevant issues. The financial statements passed review and were presented to the board of directors afterwards.

IV. Work focus of the Audit Committee:

(I) Establishment or amendment of internal control system according to Article 14-1 of the Securities and Exchange Act.

(II) Evaluation on the effectiveness of internal control system.

(III) Establishment or amendment of asset acquisition and disposal procedures, derivative trading procedures, external party lending procedures, external party endorsement and guarantee procedures, and other procedures of major financial or business consequences according to Article 36-1 of the Securities and Exchange Act.

(IV) Matters concerning directors' personal interests.

(V) Major transaction of assets or derivatives.

(VI) Major lending, endorsement or guarantee to an external party.

(VII) Offering, issuance, or private placement of securities with equity characteristics.

(VIII) Appointment, dismissal, or compensation of financial statement auditors.

(IX) Appointment and dismissal of finance, accounting, or internal audit officers.

(X) Annual financial reports signed or sealed by Chairman, manager and chief accounting officer.

(XI) Other issues deemed material by the Company or the authority.

(I) Supervisors' involvement in board of directors meetings

Note: On August 27, 2021, the Company established Audit Committee that comprises the entirety of independent directors, and at the same time abolished the supervisor system.

(III) Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
I. Has the Company established and disclosed its corporate governance principles based on "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	V		(I) The Company has implemented its own Corporate Governance Code of Conduct in accordance with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to regulate issues concerning shareholder protection, board of directors' authority, stakeholders' interests, and enhancement of information transparency. Details of the "Corporate Governance Code of Conduct" have been disclosed on Market Observation Post System and the corporate website.	No material deviation is found
II. Shareholding structure and shareholders' interests				
(I) Has the Company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes, and litigations?	V		(I) The Company has implemented a spokesperson and acting spokesperson system, and engaged a stock transfer agent - "Capital Securities Corp." to handle shareholders' suggestions and disputes.	No material deviation is found
(II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	V		(II) The Company and the stock transfer agent are regularly informed of the identities of the Company's major shareholders and the ultimate controller. Changes in the shareholding of insiders (including directors, supervisors, managers, and	No material deviation is found

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
	V		shareholders with more than 10% ownership interest) are reported in a timely manner and in accordance with the Securities and Exchange Act. These practices help ensure stability of the management.	No material deviation is found
(III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		(III) The Company has implemented a set of "Group Affiliate, Specific Entity, and Related Party Transaction Policy" to regulate transactions, such as purchase, sale, asset acquisition/disposal, endorsement, guarantee, and financial dealing, between the Company and affiliated enterprises. The Company also has "Subsidiary Management Policy" in place to support management and supervision of business risks over subsidiaries, and follows its own "long-term investment management process" for investment management and risk control.	No material deviation is found
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?			(IV) The Company has "Material Insider Information Handling Procedures" in place that prohibit insiders from trading securities against non-public information.	

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
III. Composition and responsibilities of the board of directors (I) Does the board of directors have a diversity policy and management goals that are duly enforced?	V V		(I) 1. According to the Company's Corporate Governance Code of Conduct and Director Election Procedures, board members should be diversified and possess the knowledge, skills, and characters needed to perform duties. (Note 1) 2. Among the 9 members of the current board, one of who possesses professional background in commerce and accounting.	No material deviation is found No material deviation is found.
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	V		(II) In addition to assembling a Remuneration Committee and an Audit Committee as required by laws, the Company has assigned corporate governance duties to various internal departments, and may establish other functional committees as needed in the future.	No material deviation is found.
(III) Has the Company established a set of policies and assessment tools for evaluating board performance, and conducted performance evaluation on a yearly basis? Are performance evaluation results reported to the board of directors	V		(III) The Company introduced its own "Board Performance Evaluation Policy" on March 27, 2020, and adopts the practice of evaluating board of directors' performance in the first quarter of each year. Outcomes of the evaluation are presented in board meetings each year. The	No material deviation is found.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
and used as reference for compensation, remuneration, and nomination decisions?			evaluation results were presented to directors during the board meeting held on March 17, 2022 as as reference for performance evaluation, remuneration and nomination of board members and functional committee members.	
(IV) Are external auditors' independence assessed on a regular basis?			(4) 1. According to Article 29 of the Company's Corporate Governance Practical Guidelines, the Company should assess the suitability and independence of CPAs each year and present the results to the Board of Directors. 2. The Company has completed the review and assessment of the suitability and independence of CPAs for 2022. On November 10, 2022, Audit Committee and the Board of Directors approved the review and assessment of the suitability and independence of CPAs. Please refer to Note 2 for the review content.	

IV. Has the TWSE/TPEX listed company allocated adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?	V		On November 6, 2020, the board of directors passed a resolution to appoint the head of finance as the Company's Corporate Governance Officer. The candidate meets the regulatory requirements of having served managerial role in legal, financial, shareholder service, or corporate governance affairs in a public company for at least 3 years. Responsibilities of the Corporate Governance Officer are as follows: Execution of corporate governance tasks, including: organization of board of directors meetings and annual general meetings; preparation of board meeting and shareholder meeting minutes; change of company registration; regular review and amendment of the Company's Corporate Governance Code of Conduct; providing directors and members of the Audit Committee and Remuneration Committee with the information needed to perform duties; compliance; enhancement of information transparency; shareholders' protection; and enforcement of sound corporate governance practices.	No material deviation is found.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	V		1.The Company handles relationship with external parties and stakeholders through dedicated officers, email (contact@sbinet.com.tw), and the stock transfer agent - "Capital Securities Corp." 2.Material information concerning financial performance, business performance, and corporate governance and the annual report have been disclosed on Market Observation Post System (http://newmops.tse.com.tw/) and the corporate website (http://www.sbinet.com.tw).	No material deviation is found.
VI. Does the Company engage a stock transfer agent to handle shareholder meeting affairs?	V		The Company has engaged stock transfer agent - "Capital Securities" to handle matters concerning shareholder meeting and shareholder service.	No material deviation is found.
VII. Information disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information? (II) Has the Company adopted other means to disclose information (e.g. English website, assignment of dedicated personnel to collect and disclose corporate information,	V V		(I) The Company has created its own website, and makes timely disclosure of financial, business, and corporate governance information on Market Observation Post System as well as the corporate website as required by laws. (2) The Company has appointed personnel to collect corporate information and handle disclosure and implemented the spokesperson system.	No material deviation is found. No material deviation is found.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
implementation of a spokesperson system, and broadcasting of investor conferences via the company website)? (III) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates?	V		(3) The Company completed financial statements and monthly operation numbers before deadlines but did not publish earlier.	No material deviation is found.
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and liability insurance for directors and supervisors)?	V		1. Purchase of liability insurance for directors and supervisors: Insurance coverage has been arranged to allow individual and cumulative claims up to NT$150 million. 2. Employee rights: The Company protects employees' rightful interests in accordance with the Labor Standards Act. 3. Employee care: The Company provides employees with comprehensive benefits and training (such as group trips and health checkups), and places great emphasis on building mutual trust. 4. Investor relations: A spokesperson, acting spokesperson, and shareholder service unit have been designated to handle shareholders' suggestions. 5. Supplier relations: The Company evaluates suppliers on a regular basis, and engages them in bilateral	No material deviation is found.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			communication to maintain productive relationship. 6. Stakeholders' rights: (1) The Company handles relationship with external parties and stakeholders through dedicated officers, email, and the stock transfer agent - "Capital Securities Corp." (2) The Company complies with rules and discloses financial, business, and corporate governance information on Market Observation Post System (http://www.newmops.tse.com.tw) and the corporate website (http://www.sbinet.com.tw). 7. Ongoing education for directors and supervisors: Please see page 62 of this annual report for details of ongoing education for directors and supervisors. 8. Risk management policies, practices, and risk assessment standards: The Company has implemented a "Risk Management Policy" to provide guidance over risk management and risk assessment practices. 9. Execution of customer policy: The Company maintains strong and profitable relationship with all its customers.	
IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified. (Not required if the Company is not one of the evaluated subjects.) The Company conducted self-assessments of corporate governance according to the indicators for 2022 corporate governance evaluation system. The main deficiencies and improvements based on self-assessment results are as follows:				

<table>
<tr><th rowspan="2">Assessment</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td colspan="5">In the past, the Company did not upload the English-version meeting notices, meeting handbooks, annual reports or financial statements. In 2023, the Company will upload the English-version meeting notices, meeting handbooks, annual reports or financial statements.</td></tr>
</table>

Note 1: The Company has a set of "Corporate Governance Code of Conduct" that outlines diversity requirements for board members. Details and execution of the diversity policy are explained below:

Article 20

Board of directors of the Company shall provide guidance over corporate strategies, supervise the management, and be held responsible to the Company and its shareholders. The Company shall adopt various processes and arrangements as part of its corporate governance system to ensure that the board of directors performs duties in accordance with laws, the Articles of Incorporation, and shareholders' resolutions.

The structure of the Company's board of directors shall be determined by choosing an appropriate number of board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

Board members should be diversified in a manner that supports the Company's operations, business activities, and growth requirements, provided that the number of directors who concurrently hold managerial positions do not exceed one-third of the board. The diversification policy should include, but is not limited to, the following two principles:

I. Background and value: Gender, age, nationality, culture etc.

II. Knowledge and skills: Career background (e.g. law, accounting, industry, finance, marketing, or technology), professional skill, and industry experience.

All board members shall possess the knowledge, skills, and characters needed to exercise their duties. For ideal corporate governance, the board of directors as a whole shall possess the following capacities:

I. Operational judgment.

II. Accounting and financial analysis.

III. Business administration.

IV. Crisis management.

V. Industry knowledge.

VI. International markets.

VII. Leadership.

VIII. Decision making.

Note 2: Assessment criteria for CPAs' independence

Serial No.	Assessment criteria	Assessment outcome	Whether compliant with the independence criteria
1.	Whether the CPAs and family members thereof hold any direct or indirect financial interest of great significance in the Company	No	Yes
2.	Whether the CPAs and family members thereof have any business relationship with the Company or the Company's directors, supervisors, or managers that may affect independence.	No	Yes
3.	Whether the CPAs serve as the Company's director, supervisor, manager, or any position that has material influence on audit activities, whether currently or at any time in the last two years, or make commitment to undertake such position in the future.	No	Yes
4.	The CPAs and family members thereof did not serve as the Company's director, supervisor, manager, or hold any position that had direct and material influence on audit activities during the audit period.	No	Yes
5.	Whether the CPAs had any relationship characterized as direct blood relative, direct relative by affinity, or collateral blood relative of second degree or closer with any of the Company's directors, supervisors, or managers during the audit period.	No	Yes
6.	Whether the CPAs had any close relative serving as the Company's director, supervisor, manager, or any position that had direct and significant effect on audit tasks during the audit period, and if so, whether the breach of independence has been reduced to an acceptable level.	No	Yes
7.	Whether CPAs receive gifts of significant value (exceeding the customary standard) from the Company or its directors, supervisors, managers, or major shareholders.	No	Yes

(IV) Disclose the composition, duties, and functioning of remuneration committee or nomination committee, if available:

1. Information of Remuneration Committee members

<table>
<tr><th>Criteria / Role/Name</th><th>Professional qualification and experience (Note 1)</th><th>Independence criteria (Note 2)</th><th>Number of concurrent positions as independent director in other public companies</th></tr>
<tr><td>Convener
Yen Wang</td><td>1. Possesses financial, accounting, and legal knowledge and risk management, crisis management, leadership, and decision-making skills.
2. Current: Independent Director, Audit Committee member, and Remuneration Committee member of the Company.
3. Former: Associate Professor of Finance at Chaoyang University of Technology; Team Leader of Trading Department, Taiwan Stock Exchange Corporation; Researcher, University of Minnesota.</td><td rowspan="3">The three directors on the left:
1. All satisfied the independence criteria required of independent directors.
2. Completely satisfied the independence criteria:
(1) None of the individual, spouse, and 2nd-degree relatives or closer serve as director, supervisor, or employee in the Company or any of its related enterprises.
(2) Percentage of the Company's shares held in the name of self, spouse, or 2nd-degree relatives or closer:
Tu-Hsin Yang, Yen Wang: 0%.
Cheng-Feng Cheng: 97,270 shares, 0.12%
(3) Did not serve as director, supervisor, or employee in any entity that had certain relationship with the Company (refer to Subparagraphs 5-8, Paragraph 1, Article 6 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange”).
(4) Did not receive compensation from the Company or its affiliated enterprises for commercial, legal, financial, or accounting services in the last two years.</td><td>None</td></tr>
<tr><td>Committee member
Tu-Hsin Yang</td><td>1. Possesses knowledge of the chemical industry and risk management, crisis management, leadership, and decision-making skills.
2. Current: Independent Director, Audit Committee member, and Remuneration Committee member of the Company.
3. Former: Professor of Chemistry , National Chung Hsing University.</td><td>None</td></tr>
<tr><td>Committee member
Cheng-Feng Cheng
Onboard August 27, 2021</td><td>1. Possesses knowledge of the chemical industry and risk management, crisis management, leadership, and decision-making skills.
2. Current: Independent Director, Audit Committee member, and Remuneration Committee member of the Company.
3. Former: Professor of Chemistry , National Chung Hsing University; Vice President of National Chung Hsing University.</td><td>None</td></tr>
</table>

Note 1: Years of work experience, professional qualification, experience, and independence of Remuneration Committee members are explained in the chart; the role of each member is specified as Independent Director or Others (if Convener, please add a note).

Note **2: Professional qualification and experience**: Professional qualification and experience for each member of the Remuneration Committee is explained.

Note 3: **Compliance of independence**: Independence of Remuneration Committee members is evaluated using several criteria including but not limited to: whether they or their spouse or 2nd-degree relatives or closer serve as director, supervisor, or employee in the Company or any of its related businesses; the number and percentage of Company shares held in their own names or names of spouse, 2nd-degree relative or closer (or proxy shareholder); whether they serve as director, supervisor, or employee in any entity that has certain relationship with the Company (refer to Subparagraphs 5-8, Paragraph 1, Article 6 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and the amount of compensation received in the last two years for providing commercial, legal, financial, accounting or other professional services to the Company and its related businesses.

2. Duties of the Remuneration Committee

(1) The "Remuneration Committee" exists to assist the board of directors in the execution and evaluation the Company's overall compensation and welfare policies, as well as managers' compensation.

(2) Please visit the corporate website for more details on the Remuneration Committee Charter.

3. Functionality of the Remuneration Committee

(1) The Company's Remuneration Committee comprises 3 members.

(2) Duration of service: from August 27, 2021 to August 26, 2024 (same as the current board of directors). The Remuneration Committee held 4 meetings (A) in the last year; details of members' eligibility and attendance are as follows:

Title	Name	Attendance No. of times (B)	No. of proxy attendance	In-person attendance rate (%)(B/A)(Note 1)	Remarks
Convener	Yen Wang	4	0	100	
Committee member	Tu-Hsin Yang	4	0	100	
Committee member	Cheng-Feng Cheng	4	0	100	
Other mandatory disclosures:					

(1) If the Board of Directors refuses or amend Remuneration Committee's proposal, it is necessary to describe the board meeting date, session, agenda, the board's resolution, and the Company’s response to Remuneration Committee's proposal. (If the remuneration approved by the Board of Directors is better than what was suggested by Remuneration Committee, it is necessary to describe the difference and the reason for such a difference.): The Board of Directors did not reject or amend any suggestion from Remuneration Committee in 2022.
(2) If any member raised objection or expressed reservations to the resolution by Remuneration Committee and such opinions were on record or in writing, please describe the date and session of the Remuneration Committee meeting, details of the motion, opinions from all members and how these opinions were addressed: No member expressed objection or reservation to any of the resolutions of the Remuneration Committee in 2022.
(3) Discussions and resolutions of Remuneration Committee and the Company's response to members' opinions:

Date of Remuneration Committee meeting	Motion details and subsequent actions taken
January 10, 2022	1.Distribution of 2021 managers' year-end bonuses 2.Annual performance evaluation of the Chief Internal Auditor 3.2022 work plan for Remuneration Committee ■ Resolution: Passed unanimously by all attending members. ■ Company's response to committee's opinions: Except for motion #1 where Chairman Chung-Tang Chang and Vice Chairman Ah-Ming Chen had recused from discussion and voting due to the personal stakes involved for assuming concurrent position as CSO and Vice President, respectively, all motions were passed unanimously as recommended by the Remuneration Committee without objection from attending directors.
March 7, 2022	2021 remuneration to directors, supervisors and employees ■ Resolution: Passed unanimously by all attending members. ■ Company's response to committee's opinions: All motions were passed unanimously as recommended by the Remuneration Committee without objection from attending directors.
April 28, 2022	1.Details of 2021 remuneration to directors, supervisors, managers and employees 2.Allocation of 2021 managers' bonuses ■ Resolution: Passed unanimously by all attending members. ■ Company's response to committee's opinions: Except for motions #1 and #2 where Chairman Chung-Tang Chang and Vice Chairman Ah-Ming Chen as CSO and Vice President, respectively, recused from discussion and voting due to the personal stakes involved, all motions were passed unanimously by attending directors as recommended by Remuneration Committee.
October 31, 2022	1. Details of change in 2021 remuneration to directors, supervisors, managers and employees 2. Change in allocation of 2021 managers' bonuses 1. Review of criteria for managers' salary adjustment for 2022 ■ Resolution: Passed unanimously by all attending members. Company's response to committee's opinions: Except for motions #1, #2 and #3 where Chairman Chung-Tang Chang and Vice Chairman Ah-Ming

	Chen as CSO and Vice President, respectively, recused from discussion and voting due to the personal stakes involved, all motions were passed unanimously by attending directors as recommended by Remuneration Committee.

(V) Sustainable development practices; deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
I. Has the Company implemented a governance framework that supports sustainable development, and designated a unit that specializes (or is involved) in the promotion of sustainable development? Is the unit empowered by the board of directors and run by senior management, and how does the board supervise progress? **(TWSE/TPEx-listed companies should describe the implementation status - not "comply or explain"))**	V		To promote sustainable development, we have established ESG & Sustainability Committee, to drive the environment, social and corporate governance activities related to company operations. The Board of Directors authorizes President to be the committee chairman. Committee members include highest-level managers from related departments. The Committee consists of Corporate Governance Taskforce, Customer and Partner Relation Taskforce, Sustainable Development Taskforce, and Employee Care and Social Welfare Taskforce. Taskforce members are responsible for ESG target achievement, monitoring and management and preparation of ESG reports. The purpose to ensure the adherence to international ESG trend and regulations and periodic reports to the Board of Directors. The Company's 2022 ESG Report is scheduled to be launched in June 2023.	No material deviation is found
II. Has the Company conducted risk assessment on environmental, social, and corporate governance issues that are relevant to its operations, and	V V		The information disclosed herein covers the period from January to December 2022. The boundary of risk assessment mainly includes the Company. ESG & Sustainability Committee conducts analysis based on	No material deviation is found

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
implemented risk management policies or strategies based on principles of materiality? **(TWSE/TPEx-listed companies should describe the implementation status - not "comply or explain")**			the same principles of materiality for ESG reports, communicates with internal and external stakeholders, designs effective policies to identify, measure, assess, monitor and manage risks, and adopts action plans to mitigate relevant risks. Please visit the Company's website for 2022 ESG Report.	
III. Environmental issues (I) Has the Company developed an appropriate environmental management system, given its distinctive characteristics? (II) Is the Company committed to achieving efficient use of resources,and using renewable materials that produce less impact on the environment?	V V		(I) The Company has established its own environmental protection policy and constantly reminds employees of the importance of environmental protection. The environmental management system adopted has already been certified for ISO14001. (II) The Company places great emphasis on the recycling of wastewater, exhaust, toxic substances and solvents, and is committed to greater recovery efficiency of various resources. Through recycling and reuse of solvents, the Company ensures renewal of resources while at the same time minimize the volume of waste generated. The Company also supports the Environmental Protection Administration's waste sorting and recycling policies by imposing waste reduction, recycling, and reuse goals in factories. Furthermore, the ISO documentation has been drafted to include monitoring of hazardous substances and pollutants for compliance reasons	No material deviation is found No material deviation is found No material deviation is found

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			and in support of the Company's environment safety and health policy to minimize burden on the environment.	No material deviation is found
(III) Does the Company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?	V		(III) The Company imposes energy, carbon, and greenhouse gas reduction goals in response to how climate change affects business activities.	
(IV) Does the Company maintain statistics on greenhouse gas emission,water usage, and total waste volume in the last two years, and implement policies aimed at reducing energy, carbon,greenhouse gas, water and waste?	V		(IV) The Company formulates its own energy and resource management policy and conducts annual surveys on greenhouse gas emission of the previous year so that energy, carbon and greenhouse gas reduction targets can be set accordingly. Please refer to the Company's 2022 ESG report for details on energy/carbon/GHG reduction progress and the total volume of GHG emissions, water consumption and waste generated during the past two years.	

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
IV. Social issues (I) Has the Company developed its policies and procedures in accordance with laws and International Bill of Human Rights?	V		(I) The Company complies with labor regulations and strives to protect employees' rightful interests. All human resources policies have been established in accordance with the Labor Standards Act, and all matters concerning employees' rights are being executed in line with the "Work Rules." Furthermore, the Company has assigned dedicated personnel to cater for employees' needs at work.	No material deviation is found
(II) Has the Company developed and implemented reasonable employee welfare measures(including compensation, leave of absence, and other benefits), and appropriately reflected business performance or outcome in employees' compensations?	V		(II) The Company has developed and implemented reasonable employee welfare measures, and takes the initiative to reflect business performance and outcome in employees' compensations: <u>Employees' compensation</u>: The Company adopts a production bonus system that allocates a certain percentage of monthly pre-tax profit into a dedicated reserve, and depending on current month's performance evaluation, this reserve is distributed to all employees as an incentive and reward for contributing to the common goals. Employee remuneration, as mentioned in the Articles of Incorporation, is calculated at 5%-10% of current year's profit. <u>Employee welfare measures</u>: (1) Employees are entitled to special leave of absence and pension fund contributions under laws. An Employee Welfare	No material deviation is found

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			Committee has been assembled to organize benefits and protect workers' rights. (2) In addition to mandatory Labor Insurance and National Health Insurance coverage, all employees are also covered by additional group insurance. (3) Employee health checkups are organized on a regular basis. (4) Customary cash is distributed for occasions such as Labor Day, Duanwu Festival, and Mid-autumn Festival. (5) Subsidies, in additional to special leave of absence, are granted for wedding, funeral, and celebrations as required by the Labor Standards Act. (6) Earnings concluded by the Company may be shared with employees. (7) Accommodation and meal are provided to employees. (8) Role-model employees are openly commended and gifted with gold medals. (9) Senior employees are openly commended and gifted with commemorative gold accessories and medals. (10) Birth incentive: Childbirth subsidy and child care subsidy (age 0-4) are offered to employees (and spouse) who give birth.	No material deviation is found

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			Workplace diversity and equality: to ensure equal pay for equal work and ensure fair promotion opportunities for males and females and thereby contribute to sustainable and inclusive growth of the economy. In 2022, females accounted for 26% of staff and 17.2% of managers.	No material deviation is found
			Compensation reflective of employee performance: The Company participates in market salary surveys each year and adjusts compensation in line with market level, economic trends, and individual performance to maintain compensation competitiveness. Salary adjustments in 2022 averaged 4.09%.	No material deviation is found
(III) Does the Company provide employees with a safe and healthy work environment?Are employees trained regularly on safety and health issues?	V		(III) The Company has a dedicated Safety and Health Department that is responsible for overseeing employees' safety and health. The department also makes improvements to the work environment as deemed appropriate for the safety and comfort of employees. Employees who work in hazardous workplaces have been instructed to use protective gear in order to keep hazard exposure to the minimum. The Company organizes health checkups for employees involved in special and general operations, and monitors results on a yearly basis. Special health checkups are arranged for employees involved in special lines of work (such	No material deviation is found

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			as exposure to excessive noise, certain chemical substances etc.). Plant-wide disaster drills and evacuation drills are organized twice a year, whereas safety and health information is conveyed to employees in a timely manner.	
(IV) Has the Company implemented an effective training program that helps employees develop skills over their career?	V		(IV) The Company provides internal as well as external training to help employees develop skills throughout their career. The Company also encourages employees to discuss with the management about career planning based on their preference, skill set, value and goal.	
(V) Has the Company complied with laws and international standards with respect to customers' health, safety, and privacy,marketing and labeling in all products and services offered,and implemented consumer protection policies and complaint procedures?	V		(V) The Company values customers' opinions and responds to customers' complaints immediately while providing them with complete product information to ensure "customer satisfaction." All of the Company's products are labeled in compliance with laws and international standards.	
(VI) Has the Company implemented a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health, or work rights/human rights issues,and tracked suppliers' performance on a regular basis?	V		(VI) The Company has made "Environment safety and health" and "Operational planning and risk management" two of the mandatory checks in the supplier on-site evaluation form. The Company does not sign contract with major suppliers. However, the Company would consider suspending or terminating business relationship if on-site evaluation identifies violation of ESG	

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			policy and a significant impact to the environment and the society.	
V. Does the Company prepare sustainability report or any report of non-financial information based on international reporting standards or guidelines?Are the abovementioned reports supported by assurance or opinion of a third-party certifier?	V		We prepare and publish EGS reports regularly and in accordance with Global Reporting Initiative (GRI) standards and the Regulations Governing the Preparation and Filing of Sustainability Reports by TPEx Listed Companies, to disclose the measures for and information about sustainable development. Please visit the CSR section of the Company's website (http://www.sbinet.com.tw) and Market Observation Post System for details. However, no assurance or guarantee by third parties has been obtained for these reports.	No material deviation is found
6. If the Company has established its own practical guidelines on sustainable development in accordance with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe the functioning of its own guidelines and the difference: The Company has established Practical Guidelines on Sustainable Development and its functioning is not different from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.				
VII. Other information useful to the understanding of sustainable practice: (I) Employee rights and employee care: Please refer to V. Labor-management relations under Five Operational Overview for details (pages 106-107).				

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(II) Human rights: The Company never hires child labor, and has implemented its own Work Rules and organizes labor-management meetings in accordance with Act of Gender Equality in Employment and the Employment Services Act. Business Integrity Procedures and Behavioral Guidelines have also been created to serve as guidance. (III) Work-life balance: The Company allows employees to take unpaid parental leaves as required by laws, and offers family care leave, parental leave, menstruation leave, breastfeeding break, nursery room etc. to cater for employees' needs. Not only are employees encouraged to take leave of absence, the Company even subsidizes trips and organizes regular health checkups. (IV) The Company has purchased liability insurance for directors and managers.				

Note 1: If "Yes" is selected for execution status, please describe the important policies, strategies, measures and implementations. If "No" is selected for execution status, please explain the differences and the reason for such differences in the column "Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and provide relevant policies, strategies, plans and measures going forward. Regarding the initiatives (1) and (2), the TWSE/TPEx listed company should describe the governance and oversight framework for sustainable development, including but not limited to management guidelines, strategies, goal setting and review measures. Please describe the Company's risk management policies or strategies and assessments of operational risks in environmental, social and corporate issues.

Note 2: The principle of materiality refers to the environmental, social and corporate governance issues with a significant impact on the Company's investors and other stakeholders.

Note 3: Please refer to the best practice examples on the website of Taiwan Stock Exchange Corporate Governance Center for disclosure methods.

(VI) Enforcement of business integrity, and deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Establishment of integrity policies and solutions (I) Has the Company established a set of board-approved business integrity policy, and stated in its Memorandum or external correspondence about the polices and practices it implements to maintain business integrity? Are the board of directors and the senior management committed to fulfilling this commitment?	V		(I) The Company has established “Ethical Corporate Management Best Practice Principles” and "Business Integrity Procedures and Behavioral Guidelines" that requires all employees to abide by government laws and regulations and uphold integrity and fairness while performing business for the Company. Board members and the management, too, recognize integrity as the ultimate principle when managing businesses.	No material deviation is found
(II) Has the Company developed systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	V		(2) The Company has identified in Business Integrity Procedures and Behavioral Guidelines the operating activities where unethical behavior are more likely and has established relevant operational rules. The Company has put in place a clause on recusal by directors due to conflict of interest in Rules of Procedure for Board Meetings. Employee Handbook also strictly prohibits the request or offer of monies, goods or other improper benefits.	
(III) Has the Company defined and enforced operating procedures,behavioral guidelines, penalties, and grievance	V		(3) The Company describes in Business Integrity Procedures and Behavioral Guidelines its procedures,	

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on aregular basis?			rewards and disciplinary actions, whistleblowing and recording of violations of code of conduct by covering measures to prevent the following dishonest behavior: (1) Offer or receipt of improper gains (2) Offer or promise of facilitation payments (3) Offer of illegal political donations (4) Charity donations or sponsorships (5) Infringement of trade secrets, trademarks, patents, copyrights and other intellectual properties (6) Unfair competition (7) Products/services damaging to stakeholders (8) Insider trading	
II. Enforcement of business integrity (I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners? (II) Does the Company have a unit that specializes in business integrity? Does this unit report make regular reports (at least once a year) to the board of directors regarding the	V V		(I) Pursuant to "Ethical Corporate Management Best Practice Principles" and "Business Integrity Procedures and Behavioral Guidelines", the Company will cease all business dealing with any counterparty that exhibits dishonest conduct and will blacklist the counterparty in question in order to enforce the Company's business integrity policy. (II) The Administrative Department is tasked with the responsibility to communicate and execute the Company's business integrity policies. The	No material deviation is found

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
implementation of business integrity policy and execution of preventions against dishonest conducts?			department makes regular reports (at least once a year) to the board of directors on the misconducts discovered, how they are handled, and the improvement measures taken.	
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	V		(III) The Company sets out in "Business Integrity Procedures and Behavioral Guidelines" the regulations governing recusal due to conflict of interest, to prevent personnel from making decisions not in conformity with the Company's code of conduct. If employees violate relevant rules, investigation units and decision-making managers will give those concerned an ample opportunity to make statements before the Company imposes formal disciplinary actions.	
(IV) Has the Company implemented effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct?	V		(IV) The Company has implemented an internal audit system and plans internal audit activities in advance. The internal audit team carries out audit activities according to plan and may arrange ad-hoc audits under special circumstances.	
(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?	V		(V) In 2022, the Company organized a total of eight training sessions on ethics with 327 person/times in participation. In addition to formal internal training and education, the Company often reminds	

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			employees the importance of business ethics during meetings and reiterates that code of conduct is the Company's core regulations. The Company's business philosophy is integrity, quality, innovation and sharing. Integrity lies at the heart of the Company's business philosophy.	
III. Whistleblowing system (I) Does the Company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts? (II) Has the Company implemented any standard procedures or confidentiality measures for handling reported misconducts? (III) Has the Company provided proper whistleblower protection?	V V V		(I) Employees are able to report dishonest conducts using either the "opinion box" or the "dedicated e-mail"; all misconduct reports are handled by dedicated personnel of the Administrative Department. (II) The Company has implemented an "Employee Grievance and Response Policy" that outlines the standard procedures and confidentiality measures to be followed in an investigation. Any relevant documents and information are considered confidential, and all personnel involved will be responsible for maintaining secrecy of the entire process. (III) The Company specifies its commitment to whistleblowers at its corporate website and in "Ethical Corporate Management Best Practice Principles" and "Business Integrity Procedures and	No material deviation is found

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			Behavioral Guidelines” to protect whistleblowers from improper treatment due to whistleblowing.	
IV. Enhanced information disclosure Has the Company disclosed its integrity principles and progress onto its website and MOPS Contents and effects of Ethical Corporate Management Best Practice Principles？	V		(1) The Company’s “Ethical Corporate Management Best Practice Principles” and "Business Integrity Procedures and Behavioral Guidelines" are fully disclosed on its corporate website and via Market Observation Post System. The implementation of business code of conduct is disclosed on the company website.	No material deviation is found
5. If the Company has established its own guidelines on ethical corporate management according to Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the functioning of its own guidelines and the difference: The Company has established its own “Ethical Corporate Management Best Practice Principles”, its functioning is not different from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.				
VI. Other information relevant to understanding the Company's business integrity: (e.g. review of business integrity principles) Anchored on the business philosophy of integrity, quality, innovation and sharing, the Company has established policies centered on ethics and a robust corporate governance and risk control mechanism. The purpose is to create a sustainable business environment and be accountable to investors, customers, suppliers and the society. The Company has established a website and a mailbox for complaining and whistleblowing. Employees may submit complaints or whistleblowing online if they have identified any matter in violation of code of conduct or damaging to the corporate reputation. Meanwhile, the Company has long-standing cooperation with vendors and business partners. Contracts are signed and relevant personnel is involved to maintain the long-term cooperative ties.				

(VII) If the Company has established corporate governance principles or other relevant guidelines, references to such principles must be disclosed:

1. The Company has implemented its own "Corporate Governance Code of Conduct" and "Sustainable Development Code of Conduct". Please visit the corporate website for details.
2. The Company has implemented its “Business Integrity Code of Conduct" and "Business Integrity Procedures and Behavioral Guidelines". Please visit the corporate website for details.
3. The Company has formulated "Audit Committee Charter"; please visit the corporate website for details.
4. The Company has implemented its own "Board Performance Evaluation Policy"; please visit the corporate website for details.

(VIII) Other information material to the understanding of corporate governance within the Company:

1. Directors' ongoing education in 2022

Title	Name	Date of training	Organizer	Course name	Training hours
Chairman	Chung-Tang Chang	November 10, 2022	Taiwan Corporate Governance Association	Smart Production and Carbon Reduction for the Green Future	3
		November 10, 2022	Taiwan Corporate Governance Association	Use of Closely Held Corporations to Assure Company Succession	3
Vice Chairman	Ah-Ming Chen	November 10, 2022	Taiwan Corporate Governance Association	Smart Production and Carbon Reduction for the Green Future	3
		November 10, 2022	Taiwan Corporate Governance Association	Use of Closely Held Corporations to Assure Company Succession	3
Director	Ken-Chen Chen	November 10, 2022	Taiwan Corporate Governance Association	Smart Production and Carbon Reduction for the Green Future	3
		November 10, 2022	Taiwan Corporate Governance Association	Use of Closely Held Corporations to Assure Company Succession	3
Director	Hsi-Neng Hsieh	November 10, 2022	Taiwan Corporate Governance Association	Smart Production and Carbon Reduction for the Green Future	3
		November 10, 2022	Taiwan Corporate Governance Association	Use of Closely Held Corporations to Assure Company Succession	3
Director	Ho-Pin Lin	November 10, 2022	Taiwan Corporate Governance Association	Smart Production and Carbon Reduction for the Green Future	3
		November 10, 2022	Taiwan Corporate Governance Association	Use of Closely Held Corporations to Assure Company Succession	3
Director	Cheng-Yen Liang	November 10, 2022	Taiwan Corporate Governance Association	Smart Production and Carbon Reduction for the Green Future	3
		November 10, 2022	Taiwan Corporate Governance Association	Use of Closely Held Corporations to Assure Company Succession	3

Independent Director	Yen Wang	November 10, 2022	Taiwan Corporate Governance Association	Smart Production and Carbon Reduction for the Green Future	3
		November 10, 2022	Taiwan Corporate Governance Association	Use of Closely Held Corporations to Assure Company Succession	3
Independent Director	Tu-Hsin Yang	November 10, 2022	Taiwan Corporate Governance Association	Smart Production and Carbon Reduction for the Green Future	3
		November 10, 2022	Taiwan Corporate Governance Association	Use of Closely Held Corporations to Assure Company Succession	3
Independent Director	Cheng-Feng Cheng	November 10, 2022	Taiwan Corporate Governance Association	Smart Production and Carbon Reduction for the Green Future	3
		November 10, 2022	Taiwan Corporate Governance Association	Use of Closely Held Corporations to Assure Company Succession	3

2. Managers' ongoing education - 2022

Title	Name	Date of training	Organizer	Course name	Training hours
CSO	Chung-Tang Chang	November 10, 2022	Taiwan Corporate Governance Association	Smart Production and Carbon Reduction for the Green Future	3
CSO	Chung-Tang Chang	November 10, 2022	Taiwan Corporate Governance Association	Use of Closely Held Corporations to Assure Company Succession	3
President	Yu-Chuan Hsu	November 10, 2022	Taiwan Corporate Governance Association	Smart Production and Carbon Reduction for the Green Future	3
President	Yu-Chuan Hsu	November 10, 2022	Taiwan Corporate Governance Association	Use of Closely Held Corporations to Assure Company Succession	3
Vice President	Ah-Ming Chen	November 10, 2022	Taiwan Corporate Governance Association	Smart Production and Carbon Reduction for the Green Future	3
Vice President	Ah-Ming Chen	November 10, 2022	Taiwan Corporate Governance Association	Use of Closely Held Corporations to Assure Company Succession	3
Vice President	Min-Chu Lin	March 29, 2022	Securities and Futures Institute	Director/Supervisor's Breach of Trust and What Constitutes Special Breach of Trust	3
Vice President	Min-Chu Lin	July 25, 2022	Accounting Research and Development Foundation of the R.O.C.	Ongoing Education for Securities Issuers, Securities Firms, and TWSE Chief Accounting Officer	12
Vice President	Min-Chu Lin	July 26, 2022	Accounting Research and Development Foundation of the R.O.C.	Ongoing Education for Securities Issuers, Securities Firms, and TWSE Chief Accounting Officer	12
Vice President	Min-Chu Lin	August 25, 2022	Taipei Exchange	Advocacy of Rules on Insider Equity Transactions in TPEx/Emerging Stock Board Listed Companies	3
Vice President	Min-Chu Lin	October 6, 2022	Taipei Exchange	2022 TPEx-Listed Companies - Publication of Guidelines in Exercise of	3

				Power by Independent Directors and Audit Committee and Advocacy to Directors and Supervisors	
		November 10, 2022	Taiwan Corporate Governance Association	Smart Production and Carbon Reduction for the Green Future	3
		November 10, 2022	Taiwan Corporate Governance Association	Use of Closely Held Corporations to Assure Company Succession	3
		November 14, 2022	Accounting Research and Development Foundation	Most Updated Corporate Governance Policy and Practicality/Analysis of Corporate Governance Evaluations	3

3. Corporate Governance Officer's ongoing education - 2022

Title	Date of training	Organizer	Course name	Training hours
Vice President of Finance Department/Corporate Governance Officer Min-Chu Lin	March 29, 2022	Securities and Futures Institute	Director/Supervisor's Breach of Trust and What Constitutes Special Breach of Trust	3
	August 25, 2022	Taipei Exchange	Advocacy of Rules on Insider Equity Transactions in TPEx/Emerging Stock Board Listed Companies	3
	October 6, 2022	Taipei Exchange	2022 TPEx-Listed Companies - Publication of Guidelines in Exercise of Power by Independent Directors and Audit Committee and Advocacy to Directors and Supervisors	3
	November 14, 2022	Accounting Research and Development Foundation	Most Updated Corporate Governance Policy and Practicality/Analysis of Corporate Governance Evaluations	3

(IX) Execution of internal control system:

1. Declaration of Internal Control System

Shuang-Bang Industrial Corp.

Declaration of Internal Control System

Date: March 17, 2023

The following declaration was made based on the 2022 self-assessment of the Company's internal control system:

1. The Company acknowledges and understands that establishment, implementation, and maintenance of the internal control system are the responsibility of the board of directors and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance and efficiency (including profitability, performance, asset security etc.), reliable, timely, and transparent financial reporting, and regulatory compliance.

2. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.

3. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether existing policies continue to be effective. Assessment criteria introduced by "The Governing Principles" consisted of five main elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for details.

4. The Company has adopted the abovementioned criteria to validate the effectiveness of its internal control system design and execution.

5. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2022. This system (including supervision and management of subsidiaries) has provided assurance with regards to the Company's business results and target accomplishment, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.

6. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or omission in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

7. This declaration was passed unanimously without objection by all 8 directors present at the board meeting dated March 17, 2023.

Shuang-Bang Industrial Corp.

Chairman: Chung-Tang Chang

President: Yu-Chuan Hsu

2. It is necessary to disclose the review report issued by CPAs if CPAs are appointed to review the internal control system: none

(X) In event of penalties imposed on the Company and its personnel for regulatory violation or penalties imposed by the Company on its personnel for breach of the internal control system in 2022 and as of the publication date of this annual report and the consequence of such penalties may significantly impact shareholders' interest or securities prices, please describe details of the penalty, areas of weakness and any improvement to date: none

(XI) Major resolutions by shareholder meetings and board meetings in 2022 up until the publication date of this annual report

1.Major resolutions by 2022 shareholder meeting and the execution progress

Date	Major resolutions	Execution progress
June 9, 2022 AGM	1. Acknowledgment of the Company's 2021 business report and financial statements	Resolution passed
	2. Acknowledgment of the Company's 2021 earnings distribution	July 7, 2022 as the record date July 28, 2022 as the payment date Distribution of cash dividends at NT$1.5 per share
	3. Amendments to Asset Acquisition and Disposal Procedures	Executed according to the amended procedures

2.Major resolutions by board meetings in 2022 up until the publication date of this annual report

Date	Major resolutions
January 19, 2022	1. Matters reviewed by the first Remuneration Committee meeting in 2022 2. CPA independence and suitability assessment 3. Details concerning the convening of the Company's 2022 annual shareholders’ meeting
March 18, 2022	1. The Company's 2021 Internal Control System Effectiveness Review and Declaration of Internal Control System 2. Amendments to the Company's Asset Acquisition and Disposal Procedures 3. Review of distribution method and total amount of remuneration to employees and directors,during the second Remuneration Committee meeting in 2022 4. The Company's 2021 financial statements and business report 5. The Company's 2021 earnings distribution 6. Distribution of capital reserves in cash 7. Amendments to 2022 annual shareholders’ meeting agenda
May 6, 2022	1. Matters reviewed by the third Remuneration Committee meeting in 2022 2. Consolidated financial statements of the Company and subsidiaries for the period from January 1 to March 31, 2022 3. Purchase of liability insurance for directors
June 9, 2022	1. Company's 2021 CSR report 2. Due to long-term funding planning, the Company intends to apply to Mega Bank for loans
August 5, 2022	1. Consolidated financial statements of the Company and subsidiaries for the period from January 1 to June 30, 2022 2. The Company’s GHG inventory inspection and verification timetable

November 10, 2022	1. Consolidated financial statements of the Company and subsidiaries for the period from January 1 to September 30, 2022 2. The Company's 2023 audit plan 3. Matters reviewed by the fourth Remuneration Committee meeting in 2022 4. Expected renewal of the Company’s credit facilities with banks for 2023 5. CPA independence and suitability assessment 6. Appointment of and compensation to CPAs in 2023 7. Consolidation of 100% owned investee - SHUANG BANG INDUSTRIAL CORP. (BVI) 8. Amendment to Material Insider Information Handling Procedures 9. Change of the Company’s organizational structure (with the creation of Sustainability Development Committee) 10. Establishment of the Company’s Sustainable Development Code of Conduct
November 10, 2022	1. Determination of the record date for consolidation of 100% owned investee - SHUANG BANG INDUSTRIAL CORP. (BVI)
January 17, 2023	1. Matters reviewed by the first Remuneration Committee meeting in 2023 2. The Company’s 2023 business plan and budget 3. Amendment to Rules of Procedure for Board Meetings 4. Details concerning the convening of the Company's 2023 annual shareholders’ meeting 5. Consolidation of 100% owned investee- SHUANG BANG INDUSTRIAL CORP. (BVI), with independent directors signing the consolidation contract

March 17, 2023	1. The Company's 2022 Internal Control System Effectiveness Review and Declaration of Internal Control System 2. To fund the long-term funding required for factory facilities, the Company intends to apply to Mega Bank for loans 3. Amendments to the Company's "Corporate Governance Code of Conduct" 4. Review of distribution method and total amount of remuneration to employees and directors for 2022 during the second Remuneration Committee meeting in 2023 5. The Company's 2022 financial statements and business report 6. The Company's 2022 earnings distribution 7. Amendments to 2023 annual shareholders' meeting agenda 8. The Company's subsidiary Shoetex Corporation issued new shares for cash 9. Appointment of directors for subsidiaries to represent the Company 10. Removal of non-compete clause on the Company's managers

(XII) Documented opinions or written declarations by directors or supervisors against important board resolutions in 2022 and up until the publication date of this annual report: none

(XIII) Resignation or dismissal of Chairman, President, head of accounting, head of finance, chief internal auditor, corporate governance officer or R&D head in 2022 up until the publication date of the annual report: none

V. Disclosure of audit remuneration

Unit: NTD thousands

Accounting firm Name	Name of CPA	Audit period	Audit fee	Non-audit fee (Note)	Total	Remarks
Weyong International CPAs & Co.	Chun-Chen Ko Tzu-Yang Wang	January 1, 2022 to December 31, 2022	2,150	25	2,175	None

Note: Service charges for salary reviews and reporting, and change of company registration totaled NT$25,000 in 2022.

(I) Any change of accounting firm that resulted in the reduction of audit fee from the previous year; disclose audit fees before and after the change and the cause of such change: None.

(II) Any reduction in audit fee by more than 10% compared to the previous year; state the amount, percentage, and reason of such variation: None.

VI. Change of CPA:

None.

VII. Any of the Company's Chairman, President, or any manager involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated company in the most recent year

None.

VIII. Details of shares transferred or pledged by directors, supervisors, managers, and shareholders with more than 10% ownership interest in the last year, up until the publication date of annual report

(I) Changes in shareholding of directors, managers and major shareholders

Unit: shares

Title	Name	2022		2023 up until April 30	
		Shares held Number increased (decrease)	No. of pledged shares Number increased (decrease)	Shares held Number increased (decrease)	No. of pledged shares Number increased (decrease)
Chairman and CSO	Chung-Tang Chang	—	—	—	—
Vice Chairman and Vice President	Ah-Ming Chen	—	—	—	—
Director	Hsi-Neng Hsieh	—	—	—	—
Director	Ken-Chen Chen	—	—	—	—
Director	Ho-Pin Lin	—	—	—	—
Director	Uei-Want Industrial Co., Ltd. Representative: Cheng-Yen Liang	—	—	—	—
Independent Director	Tu-Hsin Yang	—	—	—	—
Independent Director	Yen Wang	—	—	—	—
Independent Director	Cheng-Feng Cheng	—	—	—	—
President	Yu-Chuan Hsu	—	—	—	—
Vice President and head of finance and accounting	Min-Chu Lin	—	—	—	—
Assistant Vice President	Chun-Han Li	—	—	—	—
Assistant Vice President	Chien-Chung Ko	—	—	—	—

(II) Transfer of shareholding: None.

(III) Pledge of shareholding: None.

IX. Disclosure of relationships among the top ten shareholders including spouse and second degree relatives or closer

April 22, 2023
Unit: shares

Name	Shares held in own name		Shareholding held by the spouse and minor children and minor children		Shareholding held under others' names Current shareholding		Names and relationships of top-10 shareholders characterized as spouse or relative of second degree or closer		Remarks
	No. of shares	Shareholding percentage (%)	No. of shares	Shareholding percentage (%)	No. of shares	Shareholding percentage (%)	Name	Relationship	—
Chung-Tang Chang	6,479,434	7.87	1,000,871	1.22	—	—	Chung-Hao Chang Chia-YIng Chang	1st-degree relative 1st-degree relative	—
Ah-Ming Chen	4,998,802	6.07	2,524,897	3.07	450,522	0.55	Mei-Ching Liu San-Che Chen	Spouse 2nd-degree relative	—
Trust Investment Ltd.	4,011,000	4.87	—	—	—	—	—	—	—
Representative: Chung-Hao Chang	1,053,179	1.28	1,243,000	1.51	—	—	Chung-Tang Chang Chia-YIng Chang	1st-degree relative 2nd-degree relative	—
Ho-Pin Lin	2,622,121	3.18	509,196	0.62	—	—	—	—	—
Mei-Ching Liu	2,524,897	3.07	4,998,802	6.07	—	—	Ah-Ming Chen San-Che Chen	Spouse Relative by affinity	—

Uei-Want Industrial Co., Ltd.	2,500,000	3.04	—	—	—	—	—	—	—
Representative: Cheng-Yen Liang	—	—	—	—	—	—	—	—	—
San-Che Chen	2,101,197	2.55	409,212	0.50	—	—	Ah-Ming Chen Mei-Ching Liu	2nd-degree relative Relative by affinity	—
Li-Chang Chen	1,811,112	2.20	—	—	—	—	—	—	—
Chuang Hung-Nien	1,582,157	1.92	537,359	0.65	—	—	—	—	—
Chia-YIng Chang	1,566,222	1.90	—	—	—	—	Chung-Tang Chang Chung-Hao Chang	1st-degree relative 2nd-degree relative	—

X. Investments jointly held by the Company, the Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company; disclose shareholding in aggregate of the above parties:

April 30, 2023

Unit: thousand shares

Business investments (Note 1)	Held by the Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate ownership	
	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage
Miracle Textile Industry Co., Ltd.	2,225	44.50%	—	—	2,225	44.50%
Shoetex Corporation	8,265	68.87%	892	7.44	9,157	76.31%

Note 1: Investments that the Company has accounted using the equity method.

Four. Fundraising Overview

I. Capital and outstanding shares

(I) Source of capital

3. Change of share capital in the most recent year and up until the publication date of annual report

Unit: thousand shares; NTD thousands

<table>
<tr><th rowspan="2">Year/ Month</th><th rowspan="2">Issuance price</th><th colspan="2">Authorized capital</th><th colspan="2">Paid-up capital</th><th colspan="3">Remarks</th></tr>
<tr><th>No. of shares</th><th>Amount</th><th>No. of shares</th><th>Amount</th><th>Source of capital</th><th>Paid in properties other than cash</th><th>Others</th></tr>
<tr><td>1989.11</td><td>10</td><td>8,000</td><td>80,000</td><td>8,000</td><td>80,000</td><td>Initial share capital</td><td>None</td><td>—</td></tr>
<tr><td>1991.08</td><td>10</td><td>10,400</td><td>104,000</td><td>10,400</td><td>104,000</td><td>Cash issue NT$24,000,000</td><td>None</td><td>—</td></tr>
<tr><td>1998.10</td><td>10</td><td>17,000</td><td>170,000</td><td>17,000</td><td>170,000</td><td>Cash issue NT$66,000,000</td><td>None</td><td>—</td></tr>
<tr><td>1999.12</td><td>10</td><td>27,000</td><td>270,000</td><td>27,000</td><td>270,000</td><td>Cash issue NT$45,600,000
Capitalization of earnings NT$6,800,000
Capitalization of capital reserves NT$47,600,000</td><td>None</td><td>Note 1</td></tr>
<tr><td rowspan="2">2000.06</td><td>17</td><td rowspan="2">50,000</td><td rowspan="2">500,000</td><td rowspan="2">34,659</td><td rowspan="2">346,590</td><td>Cash issue NT$45,000,000</td><td rowspan="2">None</td><td rowspan="2">Note 2</td></tr>
<tr><td>10</td><td>Capitalization of earnings NT$31,590,000</td></tr>
<tr><td>2001.06</td><td>10</td><td>50,000</td><td>500,000</td><td>40,551</td><td>405,510</td><td>Capitalization of earnings NT$58,920,000</td><td>None</td><td>Note 3</td></tr>
<tr><td>2001.09</td><td>12.5</td><td>50,000</td><td>500,000</td><td>44,606</td><td>446,061</td><td>Cash issue NT$40,551,000</td><td>None</td><td>Note 4</td></tr>
<tr><td>2002.07</td><td>10</td><td>50,000</td><td>500,000</td><td>49,067</td><td>490,667</td><td>Capitalization of earnings NT$16,370,000
Capitalization of capital reserves NT$28,236,000</td><td>None</td><td>Note 5</td></tr>
<tr><td>2004.11</td><td>10</td><td>50,000</td><td>500,000</td><td>40,634</td><td>406,336</td><td>Capital reduction against losses NT$84,332,000</td><td>None</td><td>Note 6</td></tr>
<tr><td>2006.07</td><td>10</td><td>50,000</td><td>500,000</td><td>41,971</td><td>419,711</td><td>Capitalization of capital reserves NT$13,375,000</td><td>None</td><td>Note 7</td></tr>
<tr><td>2008.10</td><td>10</td><td>50,000</td><td>500,000</td><td>43,650</td><td>436,499</td><td>Capitalization of earnings NT$16,788,000</td><td>None</td><td>Note 8</td></tr>
<tr><td>2009.06</td><td>10</td><td>70,000</td><td>700,000</td><td>51,650</td><td>516,499</td><td>Cash issue NT$80,000,000</td><td>None</td><td>Note 9</td></tr>
<tr><td>2010.08</td><td>10</td><td>70,000</td><td>700,000</td><td>53,716</td><td>537,159</td><td>Capitalization of earnings NT$20,660,000</td><td>None</td><td>Note 10</td></tr>
<tr><td>2011.05</td><td>15.5</td><td>70,000</td><td>700,000</td><td>60,432</td><td>604,319</td><td>Cash issue NT$67,160,000</td><td>None</td><td>Note 11</td></tr>
<tr><td>2011.11</td><td>10</td><td>100,000</td><td>1,000,000</td><td>62,849</td><td>628,492</td><td>Capitalization of earnings NT$24,173,000</td><td>None</td><td>Note 12</td></tr>
<tr><td>2012.09</td><td>10</td><td>100,000</td><td>1,000,000</td><td>64,106</td><td>641,062</td><td>Capitalization of capital reserves NT$12,570,000</td><td>None</td><td>Note 13</td></tr>
<tr><td>2014.08</td><td>10</td><td>100,000</td><td>1,000,000</td><td>65,388</td><td>653,883</td><td>Capitalization of earnings NT$12,821,000</td><td>None</td><td>Note 14</td></tr>
<tr><td>2015.05</td><td>10</td><td>100,000</td><td>1,000,000</td><td>67,350</td><td>673,500</td><td>Capitalization of earnings NT$19,616,000</td><td>None</td><td>Note 15</td></tr>
<tr><td>2015.06</td><td>10</td><td>100,000</td><td>1,000,000</td><td>75,350</td><td>753,500</td><td>Cash issue NT$80,000,000</td><td>None</td><td>Note 16</td></tr>
</table>

Year/ Month	Issuance price	Authorized capital		Paid-up capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of capital	Paid in properties other than cash	Others
2016.06	10	100,000	1,000,000	76,857	768,570	Capitalization of earnings NT$15,070,000	None	Note 17
2017.06	10	100,000	1,000,000	78,394	783,941	Capitalization of earnings NT$15,371,000	None	Note 18
2018.06	10	100,000	1,000,000	80,746	807,459	Capitalization of earnings NT$23,518,000	None	Note 19
2019.06	10	120,000	1,200,000	82,361	823,608	Capitalization of earnings NT$16,149,000	None	Note 20

Date, approval reference, and amount of capital increase for years 1999-2002, 2004, 2006, 2008-2012, and 2014:

Note 1: Increased NT$100,000,000 of share capital in 10,000,000 shares (NT$45,600,000 from cash, NT$6,800,000 from earnings, and NT$47,600,000 from capital reserves) under the approval of Correspondence No. (1999)-Tai-Tsai-Cheng-(I)-107263 dated December 21, 1999.

Note 2: Increased NT$76,590,000 of share capital in 7,659,000 shares (NT$45,000,000 from cash and NT$31,590,000 from earnings) under the approval of Correspondence No. (2000)-Tai-Tsai-Cheng-(I)-50311 dated June 12, 2000.

Note 3: Increased NT$58,920,000 of paid-up capital in 5,892,000 shares (NT$58,920,000 from earnings) under the approval of Correspondence No. (2001)-Tai-Tsai-Cheng-(I)-144739 dated July 13, 2001.

Note 4: Increased NT$40,551,000 of share capital in 4,055,000 shares (NT$40,551,000 from cash) under the approval of Correspondence No. (2001)-Tai-Tsai-Cheng-(I)-160993 dated October 3, 2001.

Note 5: Increased NT$44,606,000 of share capital in 4,461,000 shares (NT$16,370,000 from earnings and NT$28,236,000 from capital reserves) under the approval of Correspondence No. Tai-Tsai-Cheng-I-0911041591 dated July 25, 2002.

Note 6: Reduced NT$84,332,000 of share capital in 8,433,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-I-0930147634 dated November 2, 2004.

Note 7: Increased NT$13,375,000 of share capital in 1,337,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-I-0950122738 dated June 6, 2006.

Note 8: Capitalized NT$16,788,000 of earnings in 1,679,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-I-0970040325 dated August 8, 2008.

Note 9: Made cash issue of NT$80,000,000 in 8,000,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-I-0980010790 dated March 20, 2009.

Note 10: Capitalized NT$20,660,000 of earnings in 2,066,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-Fa-0990042107 dated August 11, 2010.

Note 11: Made cash issue of NT$67,160,000 in 6,716,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-Fa-1000010915 dated March 25, 2011.

Note 12: Capitalized NT$24,173,000 of earnings in 2,417,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-Fa-1000036268 dated August 4, 2011.

Note 13: Capitalized NT$12,570,000 of capital reserves in 1,257,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-Fa-1010035928 dated August 15, 2012.

Note 14: Capitalized NT$12,821,000 of earnings in 1,282,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-Fa-1030025112 dated July 2, 2014.

Note 15: Capitalized NT$19,616,000 of earnings in 1,962,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-Fa-1040014635 dated April 29, 2015.

Note 16: Made cash issue of NT$80,000,000 in 8,000,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-Fa-1040014634 dated May 7, 2015

Note 17: Capitalized NT$15,070,000 of earnings in 1,507,000 shares on June 24, 2016.

Note 18: Capitalized NT$15,371,000 of earnings in 1,537,000 shares on June 19, 2017.

Note 19: Capitalized NT$23,518,000 of earnings in 2,352,000 shares on July 13, 2018.

Note 20: Capitalized NT$16,149,000 of earnings in 1,615,000 shares on June 28, 2019.

4. Share categories:

Share category	Authorized capital			Remarks
	Shares outstanding Shareholding	Unissued shares	Total	
Registered common shares	82,360,826	37,639,174	120,000,000	TPEX listed shares

(II) Shareholder structure

April 22, 2023

Shareholder structure / Count	Government Institution	Finance Institution	Other corporate entities	Natural persons	Foreign institutions and foreigners	Total
Participant count	—	—	27	4,466	15	4,508
Shares held	—	—	9,842,473	71,413,993	1,104,360	82,360,826
Shareholding percentage (%)	—	—	11.95	86.71	1.34	100.00

(III) Ownership dispersion

April 22, 2023

Shareholding range	Shareholder count	Shares held	Shareholding percentage (%)
1 to 999	1,715	255,598	0.31
1,000 to 5,000	1,888	3,878,004	4.71
5,001 to 10,000	389	2,927,751	3.56
10,001 to 15,000	144	1,769,295	2.15
15,001 to 20,000	64	1,160,348	1.41
20,001 to 30,000	88	2,195,224	2.67
30,001 to 40,000	41	1,401,181	1.70
40,001 to 50,000	25	1,150,644	1.40
50,001 to 100,000	45	3,218,663	3.91
100,001 to 200,000	46	6,221,325	7.55
200,001 to 400,000	19	5,247,984	6.37
400,001 to 600,000	20	9,661,047	11.73
600,001 to 800,000	6	4,151,922	5.04
800,001 to 1,000,000	2	1,744,191	2.11
1,000,001 and above	16	37,377,649	45.38
Total	4,508	82,360,826	100

(IV) List of major shareholders

April 22, 2023

Shareholding / Name of major shareholder	Shares held	Shareholding percentage (%)
Chung-Tang Chang	6,479,434	7.87
Ah-Ming Chen	4,998,802	6.07

Trust Investment Ltd.	4,011,000	4.87
Ho-Pin Lin	2,622,121	3.18
Mei-Ching Liu	2,524,897	3.07
Uei-Want Industrial Co., Ltd.	2,500,000	3.04
San-Che Chen	2,101,197	2.55
Li-Chang Chen	1,811,112	2.20
Chuang Hung-Nien	1,582,157	1.92
Chia-YIng Chang	1,566,222	1.90

(V) Information relating to market price, net worth, earnings, and dividends per share for the last 2 years

Unit: NTD

Item \ Year			2021	2022	During the year until March 31, 2023 (Note 7)
Market price per share (Note 1)	High		23.40	22.70	21.55
	Low		15.50	17.10	19.35
	Average		17.22	19.71	20.33
Net worth per share (Note 2)	Before distribution		14.71	16.10	15.27
	After distribution		14.71	16.10	—
Earnings per share (Note 3)	Weighted average outstanding shares		82,361,000 shares	82,361,000 shares	82,361,000 shares
	Earnings per share	Before retrospective adjustment	0.83	3.20	0.19
		After retrospective adjustment	0.83	3.20	—
Dividends per share	Cash dividends		Distribution 2.0	Distribution 1.2 (Note 3)	—
	Stock dividends	From earnings	—	—	—
		From capital reserves	—	—	—
	Cumulative unpaid dividends		—	—	—
Analysis of investment returns	P/E ratio (Note 4)		23.55	6.43	—
	Price to dividends ratio (Note 5)		9.78	17.13	—
	Cash dividend yield (Note 6)		10.23%	5.84%	—

Note 1: The table shows the highest and lowest market price of common shares in each year; average market price is calculated by weighing transacted prices against transacted volumes in the respective years.

Note 2: Based on the earnings distribution resolved by the board meeting on March 17, 2023.
Note 3: The 2022 earnings were resolved and passed by the board meeting on March 17, 2023.
Note 4: P/E ratio = average closing price per share for the year / earnings per share.
Note 5: Price to dividends ratio = average closing price per share for the year / cash dividends per share.
Note 6: Cash dividend yield = cash dividends per share / average closing price per share for the year.
Note 7: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of annual report. For all other fields, calculations are based on data as at the end of their respective years.

(VI) Dividend policy and execution

1. Dividend policy

According to Article 30-1 of the Articles of Incorporation, earnings concluded from a year are to be allocated in the following order:

(1) Taxation

(2) Compensation of losses

(3) 10% provision for legal reserve

(4) Provision for special reserve as deemed necessary

The remainder plus undistributed earnings carried from previous years and current year's adjustments may be distributed at board of directors' proposal. Distribution of earnings that involves issuance of new shares is subject to resolution in a shareholder meeting.

Any cash distribution of dividend, profit, legal reserve, or capital reserve, whether in whole or in part, may be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of attending directors, and reported in the upcoming shareholder meeting.

The Company is currently in a stage of consistent growth. After taking into consideration shareholders' interests and the Company's financial position and long-term prospects, no more than 90% of distributable earnings shall be issued as dividends, with cash dividends amounting to no less than 10% of total dividends.

2. Dividend distribution resolved by the board of directors in the current year

On March 17, 2023, the Company’s Board of Directors resolved the distribution of NT$98,832,991 (equivalent to NT$1.2 per share) all as cash dividends from the 2022 distributable earnings.

(VII) Impacts of proposed stock dividends on the Company’s business performance and earnings per share: Not applicable as no stock dividend was proposed.

(VIII) Employee/director/supervisor remuneration

1. Percentage or range of employee and director remuneration stated in the Articles of Incorporation

    According to Article 30 of the Articles of Incorporation, the Company shall allocate 5%-10% of current year's profits as employee remuneration, and may allocate no more than 3% of profit as director remuneration. However, profits must first be taken to offset against cumulative losses if any.

    The annual profit mentioned in the above Paragraph shall refer to pre-tax profit before employees' and directors' remuneration in the current year. Employee remuneration can be paid in cash or in shares. Payments may also be made to employees of subordinate companies that satisfy the eligibility criteria.

    Distribution of employee/director remuneration is subject to resolution in a board meeting with more than two-thirds of the board present, and voted in favor by more than half of all attending directors. This decision must also be reported in shareholder meeting.

2. Basis of calculation for employee/director remuneration and share-based compensations; and accounting treatments for any discrepancies between the amounts estimated and the amounts paid:

    The Company had estimated employee remuneration at NT$20,000,000 and director remuneration at NT$8,500,000 payable for 2022. Both amounts were estimated based on profitability for the year. The estimated amounts of employee remuneration and director remuneration were recognized either as operating cost or operating expense for the given period; should the board of directors resolve a different amount on a later date, the difference will be adjusted to profit or loss in the year the decision is made.

3. Remuneration passed by the board of directors

    (1) Amount of employee/director/supervisor remuneration paid in cash or shares; disclose the amount, causes, and treatment of any differences between the amount paid and the amount estimated in the year the expense was recognized

        On March 17, 2023, the Board of Directors approved the distribution of cash remuneration for 2022 to employees at a total of NT$20,000,000 and to directors at a total of NT$8,500,000.

    (2) Sum and percentage of employee remuneration paid in shares, relative to net income and total employee remuneration shown in current separate and standalone financial statements: Not applicable.

    (3) Earnings per share after taking into account the proposed employee/director/supervisor remuneration: NT$3.20

4. Actual payment of employee/director/supervisor remuneration in the previous year (including the number of shares allocated, the sum of cash paid, and the price at which

shares were issued), and any differences from the figures estimated (explain the amount, the cause, and treatment of such discrepancies)

On March 18, 2022, the Board of Directors approved the distribution of cash remuneration for 2021 to employees at a total of NT$5,762,455 and to directors at a total of NT$2,469,623. These amounts are consistent with the recognized expenses in 2021 for employee remuneration and director remuneration.

The actual amount of 2021 director remuneration paid was the same as the amount resolved by the board meeting and the amounts previously recognized.

(IX) Buyback of company shares: None.

II. Corporate bonds (including offshore corporate bonds): None.

III. Preferred shares: None.

IV. Issuance of global depository receipts: None.

V. Employee warrants: None.

VI. Employee restricted shares: None.

VII. New shares issued for merger or acquisition: None.

VIII. Progress on planned use of capital

(1) Plan details
Uncompleted securities offering or private securities placement or any capital plans completed in the last three years that have yet to yield the desired outcome: None.

(2) Execution progress: None.

Five. Operational Overview

I. Business activities

(II) Scope of business

I. Principal business activities

(1) Manufacturing, processing, and trading of PU resin for footwear, PU resin for dry-processed and wet-processed synthetic leather, and various forms of synthetic resin.

(2) Manufacturing, processing, and trading of industrial adhesives and trading of related auxiliaries.

(3) Coating, lamination, processing, and trading of breathable waterproof fabrics and PU for synthetic leather.

(4) Manufacturing and trading of curing agents.

(5) Trading of photoinitiator and chemical products.

(6) Manufacturing and trading of plastics.

(7) Trading of the materials mentioned above.

(8) Import, export, and trading of the abovementioned products.

II. Main products and weight

Unit: NTD thousands

Main products		2022		2021	
		Operating revenues Net	Operating revenues %	Operating revenues Net	Operating revenues %
Coating and lamination		1,137,143	52.00	1,089,278	54.10
Resin		225,538	10.31	165,155	8.20
Special chemicals	Curing agent	446,412	20.42	359,025	17.83
	Photoinitiator	31,486	1.44	53,980	2.68
TPU		227,342	10.40	170,323	8.46
Footwear		118,720	5.43	175,728	8.73
Total		2,186,641	100.00	2,013,489	100.00

III. Current products of the Company

The Company currently offers products in four categories, namely coating and lamination, resins, special chemicals, and footwear. Below is a description of the different product categories and the current state of industry:

<table>
<tr><th colspan="2">Main product categories</th><th>Main purpose or function</th></tr>
<tr><td colspan="2">Coating and lamination</td><td>Lamination and breathable, waterproof coating of footwear, handbag, garment, PU for synthetic leather, and TPU film</td></tr>
<tr><td colspan="2">Resin</td><td>PU resin for dry/wet processed synthetic leather, PU resin for footwear, resin for PU elastomer, breathable and waterproof resin, water-based PU resin</td></tr>
<tr><td rowspan="2">Special chemicals</td><td>Curing agent</td><td>Curing agent for industrial roller, wheel, insulation varnish, and packaging material</td></tr>
<tr><td>Photoinitiator</td><td>Photoinitiator for UV ink and optical fiber</td></tr>
<tr><td colspan="2">TPU products</td><td>1. Garments: TPU waterproof breathable film
2. Footwear materials: High frequency welding, brand Logo, no sewing vamp
3. Medical: Medical bedding tube, medical rehabilitation inflatable materials
4. Outdoor activities: Outdoor air mattress, water bag</td></tr>
<tr><td colspan="2">Footwear</td><td>OEM production of breathable, waterproof recreational footwear.</td></tr>
</table>

IV. New products planned for the future

1. Water-based weatherproof color sheet/film
2. Water-based hot-melt adhesive film
3. Hydrophilic graphene film
4. Water-based glue
5. High-rebound casting PU material
6. Shock-absorbing casting PU material
7. Water-based transfer PU resin
8. Biomass polyurethane reactive adhesives
9. High-rebound TPU foam
10. Medium-rebound TPU foam
11. High R-PET TPU pellet
12. E-TPU material

(III) Industry overview

I. Current and future industry prospects

(1) Current state of industry

① Coating and lamination

Direct coating and lamination is downstream to polymer resins, and involves processing of fabrics from the upstream. The process is classified as "other finishing" of the dyeing and finishing industry, and is defined as the use of soaking, coating, layering, or laminating techniques to attach water-based materials, solvent liquid, polyurethane (PU), polyvinyl chloride (PVC), silicon, acrylic, neoprene, foam, or other plastic materials onto textile materials.

Ongoing globalization and advancement in textile technology have brought people's attention to performance apparel, thereby increasing demand for functional fabrics. Products from breathable, waterproof diving suits, windbreakers, and snow suits, fire-retardant fire proximity suits to anti-static and antibacterial surgical gowns and bed sheets all require highly professional coating and lamination, and this technology is one area where Taiwan rivals with European and American competitors and leads Mainland counterparts by far.

Breathable and waterproof fabric (a specialized fabric), in particular, has been the major source of profit for Taiwanese fabric manufacturers in recent years. Many sizable manufacturers in Taiwan such as Formosa Taffeta, Nam Liong, Li Peng, Everest Textile, Far Eastern, Chang Ho, Minlan, Pepwing, Shen Yong Ming etc. have all introduced different types of breathable and waterproof fabrics, and are supplying them in high volume to world's reputable brands like Nike, Adidas, Benetton, Hugo Boss, Champion, Columbia, and The North Face for use in windbreakers, jackets, mountaineering suits, ski suits, hats, and footwear. Any performance apparel sold in a recreational clothing store that advertises being breathable and waterproof can be sold at prices that are many times higher than ordinary garments. The U.S. company - Gore, for example, introduced its own patented breathable waterproof fabric called GORE-TEX® that gained wide popularity among consumers, making them an essential gear for hikers. However, most average consumers are deterred by the high price tags associated with such a premium product. As an alternative, the industry came up with the idea of laminating TPU materials with knitted or woven fabrics to make products that are "comfortable to wear and priced for the masses." Driven by increasing demand for breathable waterproof apparels from consumers around the world, new processes such as PU coating, lamination of TPU films and Teflon films etc. were introduced to make garments that retain warmth without feeling stuffy, a feature that became highly popular in Europe and America. Meanwhile, Gore introduced a WINDSTOPPER® lineup for cycling and hiking that, too, received favorable rating from the market.

There is currently a plethora of businesses in Taiwan that perform coating and lamination processes, but most of which do so as part of a vertical integration and do not provide such service alone; for these businesses, coating and lamination make up a low percentage of overall revenues. For the few businesses that are not vertically integrated, they serve the end-user market and make fabrics for downstream uses such as garment and healthcare depending on customers' requirements.

② PU resins

Being a part of the petrochemical industry, synthetic resin has contributed significantly to Taiwan's economic growth and is needed as a fundamental industrial material. The material offers uses so extensive that countries around the world are committing substantial capital and manpower into development.

Taiwan produces synthetic resins primarily for downstream uses such as adhesive, coating material, plastic processing, FRP, and synthetic leather, and its reputation for making high-quality plastics has been a key driver to the domestic synthetic resin industry. Furthermore, Taiwan has a well-established petrochemical industry to supply raw materials for making synthetic resins, and the completion of Formosa Plastics' Sixth Naphtha Cracker further secures supply of petrochemical materials in the upstream.

Synthetic resin offers extensive consumer and industrial applications from electronics, electrical engineering, architecture, automobile, textile, plastics, rubber, footwear, furniture, adhesive tape, paint, leather to ink that make it less susceptible to the cyclicality of any single industry. The table below summarizes the production and sales of synthetic resins made in Taiwan during the past five years. It shows a long-term upward trend despite the fluctuations in production and sales due to COVID-19.

Production and sale of synthetic resins in the last 8 years

Year	Production				Sales			
	Volume	Growth rate	Production value	Growth	Volume	Growth rate	Sales value	Growth
	(MT)	(%)	(NTD millions)	(%)	(MT)	(%)	(NTD millions)	(%)
2015	3,631,768	(0.14)	190,523	(13.85)	3,359,222	1.21	173,474	(13.47)
2016	3,740,639	3.00	180,111	(5.46)	3,434,280	2.23	164,502	(5.17)
2017	3,840,260	2.66	209,294	16.20	3,564,112	3.78	192,211	16.84
2018	3,777,628	(1.63)	220,575	5.39	3,500,650	(1.78)	201,132	4.64
2019	3,766,405	(0.30)	192,506	(12.73)	3,529,047	0.81	177,497	(11.75)
2020	3,727,237	(1.04)	174,581	(9.31)	3,510,902	(0.51)	161,917	(8.78)
2021	4,017,240	7.78	261,563	49.82	3,715,203	5.82	237,075	46.42

2022	3,287,268	(18.17)	210,485	(19.53)	3,096,670	(16.65)	194,418	(17.99)

Source: Department of Statistics, Ministry of Economic Affairs

Note: 1. Synthetic resins in the above chart include polystyrene (PS), ABS resin, unsaturated polyester (UP) resin, phenol formaldehyde (PF) resin, epoxy, PU resin, and other resins.

2. Year-on-year growth was calculated by prorating previous year's figures.

③ Special chemicals

According to the Production Monthly Statistics Report published by the Industrial Development Bureau, Ministry of Economic Affairs, Taiwan produces special chemicals primarily for five industries, namely "Pesticide and environmental health supply manufacturing," "Coating, dyeing, and coloring materials manufacturing," "Cleaning supply manufacturing," "Cosmetics manufacturing," and "Other chemical manufacturing." The latter category - "Other chemical manufacturing" further encompasses "Stabilizers," "Other industrial catalysts and additives," "Industrial additives," "Chemical treatment agents for electronics," and "Other sundry chemical products."

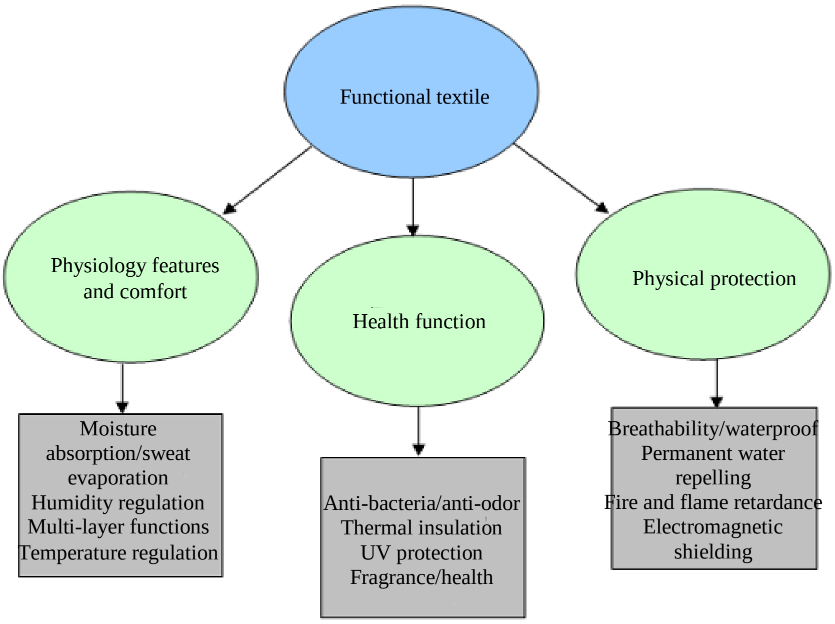
Curing agent, which includes amines such as 4,4'-methylenebis(2-chloroaniliene) and 4,4'-Methylenedianiline, is a sub-category of special chemicals, and there are very few businesses in Taiwan capable of mass production. Curing agents are mainly used for PU elastomer and epoxy in applications such as industrial roller, skate wheel, PU track, waterproofing, packaging, and anti-corrosion coating. The Company is currently working with reputable foreign manufacturers to explore more diverse product uses and to develop products that offer unique features and market potentials.

Photoinitiator is another important special chemical. It is commonly found in green, blue, and black ink, and is often used to make photoresist or solder resist ink for electronics, wood paint, varnish, clear coating, UV coating, and UV adhesive. Although this product is mainly produced by large foreign manufacturers such as CIBA, BASF, and LAMBSON, the Company has been able to appeal to a large number of customers by offering exceptional quality at reasonable price.

(2) Future development

① Performance apparel

Performance apparel refers to garments made with special fibers. What distinguishes them from general garments is the use of fibers that offer special features such as antibacterial, anti-odor, UV resistance, anti-resistance, fire resistance, wind resistance, and anti-static. As consumer behaviors change, the emphasis of performance apparel has expanded from the functions they offer to include factors such as comfort and fashion.



The main features, polymer structure, and manufacturing technology of functional fibers are depicted in the figure below.

Main skillsets	Polymer and structure	Manufacturing and processing technology
Moisture absorption	Hydrophilic polymer	Surface grafting
Sweat absorption	Microporous structure	Surface grafting
Breathability/waterproof	Microfiber	Coating/lamination, high-density fabric
Water repellent, moisture retention	Water repellent, oil repellent polymer	Water repellent and oil repellent processing, coating/lamination
Smudge-proof	Smudge-proof polymer treatment agent	Coating/lamination, soaking
Thermal insulation, moisture retention	Hollow structure and thermal insulation/moisture retention polymer	Mixing, compounding, coating/lamination
Anti-bacteria, anti-odor, odor removal	Anti-bacteria, anti-odor, odor removal polymer	Mixing, compounding, coating/lamination
Anti-static, electrical conduction	Anti-static, electrical conduction polymer	Mixing, compounding, coating/lamination
Flame retardance	Flame retardance polymer	Mixing, coating/lamination
Electromagnetic shielding	Anti-electromagnetic polymer	Coating/lamination, electroplating

UV shielding	UV absorption polymer	Mixing, coating/lamination
Anti-radiation	Anti-radiation polymer	Mixing, coating/lamination
Negative ion	Negative ion polymer	Mixing, compounding
Fragrance	Fragrance, forest bathing polymer	Mixing, compounding, coating/lamination

The key manufacturing/processing technologies used are explained below:

A. Surface grafting: The base material is first chemically treated so that the fiber surface can be bonded with a functional layer and made into functional fabric.

B. High-density fabric: The fabric achieves "structural waterproofing" by greatly increasing the density of fibers, narrowing the gap between fibers, and applying water repellents and fillers of different specifications depending on the market's needs. By controlling the size of gaps between fibers, manufacturers are able to achieve the right level of breathability and waterproof required by customers. This technology is suitable for products such as recreational jacket, windbreaker, and downs jacket.

C. Mixing: A yarn-spinning method that alters the physical property, and is one of the most popular technologies used for developing functional fiber. The technology mainly involves adding/mixing functional additives or dispersing agents into the spinning compound or the melted compound, and spinning yarns that can be made into functional materials.

D. Compounding: The purpose of this process is to make compound fibers or microfibers. It involves extruding yarns from two or more compounds or the same compound of different characteristics, and eliminating one particular component to make very fine fibers.

E. Coating: The process involves coating resin or laminating high polymer material over the fabric for added functions such as waterproof and breathability. The coating method may be distinguished between direct, dry, and wet coating.

The main role of Taiwan's textile industry is to supply functional fabrics for professional sports and outdoor garments. In recent years, there has been a shift in consumers' lifestyle toward sports and recreational activities, which broadened the use of functional fabrics from sports and outdoor garments to general, daily lifestyle garment.

Apparel is the most popular end product for functional textile, with sports and outdoor garments making up the majority of products. In terms of industry classification, the Company is considered a manufacturer of "Functional outdoor textile products" under "Clothtech." Functional outdoor textile product refers to sports garment that contains functional fiber, and is considered a type of active sportswear. The type of garment we wear when engaging in sports or outdoor activities (such as hiking, camping etc.) affects comfort, warmth, and safety, and functions such as thermal insulation and wind resistance are especially critical for certain outdoor activities.

Driven by increasing awareness toward health, modern consumers place more emphasis on stress relief and are more willing to engage in different activities from road run, fitness, yoga, ball games, surfing, hiking to rock climbing. This ongoing trend presents potential growth in the demand for outdoor garments, particularly performance apparels that Taiwan is competitive at. According to the estimate by Euromonitor in January 2019, the market size for sports garments was valued at US$201 billion in 2018, with performance garment, outdoor garment, and recreational garment representing 45%, 16%, and 39% of the market, respectively. From 2023 onwards, the global sports garment market is expected to grow at an compound annual rate of 6.1% for the next five years, which is higher than the compound annual growth rate of 4.4% for the garments market overall.

The IFAI (Industrial Fabrics Association International) introduces 12 major categories:

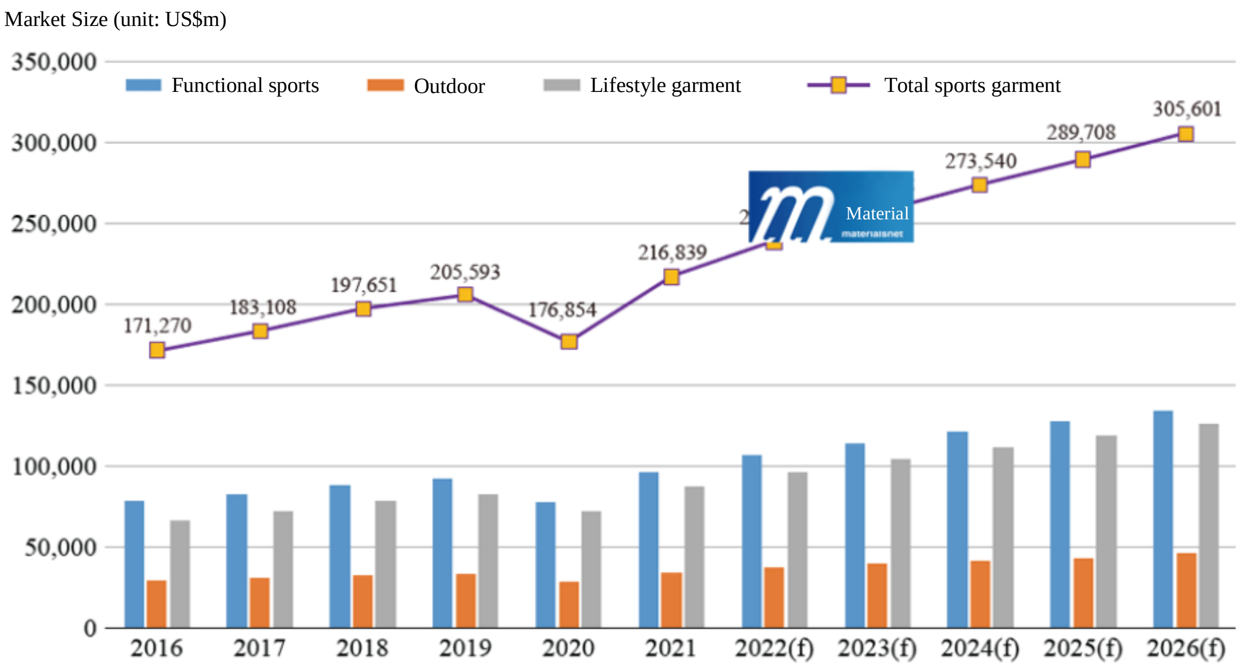
Mobiltech	Protech
Buildtech	Packtech
Geotech	Medtech
Indutech	Sporttech
Agrotech	Clothtech
Oekotech	Hometech

The Company is considered a manufacturer of functional outdoor textile products under Clothtech.

Demand for high-tech textile by category

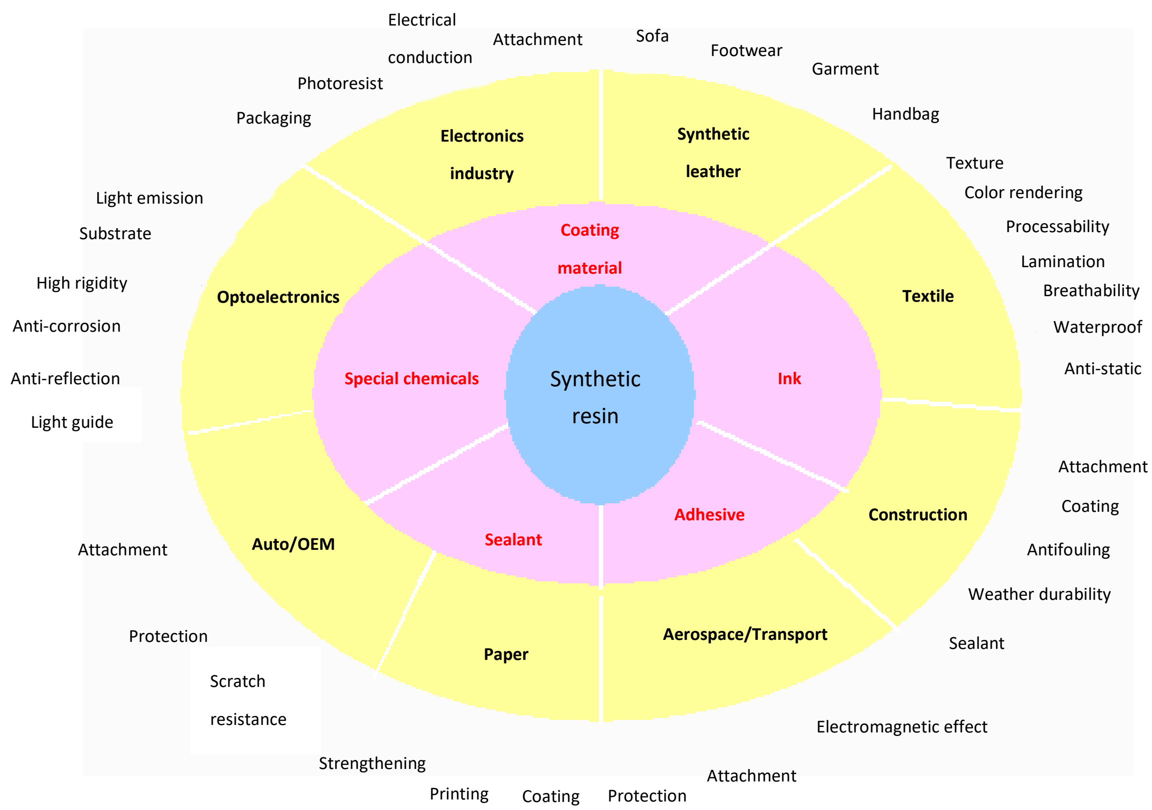
According to the report by the research company Euromonitor, the global apparel market was US$1,368.7 billion in 2021, including US$ 216.8 billion for sportswear (Figure 3). The market grew 22.6% from 2020, benefiting from spending recovery post COVID-19. That said, the consumption in 2022 would resume the normal level. The market is expected to expand by approximately 10% in 2022, with 24% growth for functional sportswear and 19% for outdoor apparel. Whilst the outdoor segment only accounts approximately 16% of the global sports apparel market, it is one of the textile businesses growing rapidly. Driven by the global trends in the sportswear market, the demand for stylish, functional and multi-purpose apparel will continue to expand.

2016-2026 Global Sportswear Market Size



Source: Euromonitor: Taiwan Textile Research

② Synthetic Resin Industry



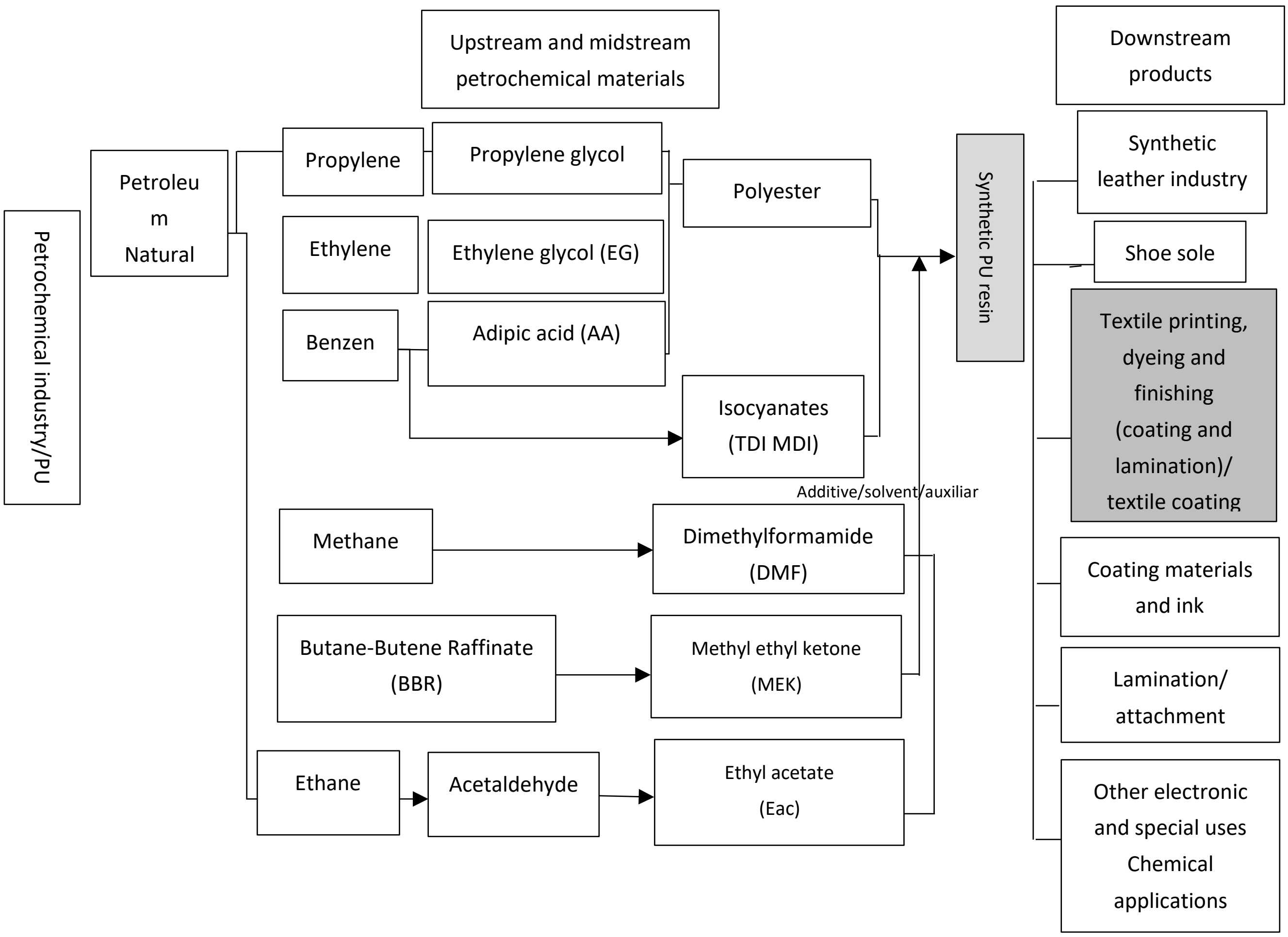
The Company's Polymer Department produces synthetic resin and related products. Synthetic resin is a type of synthetic high polymer used primarily for making plastic materials. It often has auxiliaries added for ease of processing and performance improvement, and are sometimes processed and formed without auxiliaries. Synthetic resin is also a base material used for making synthetic fibers, coating materials, adhesives, and insulation materials.

The synthetic resin industry sources raw materials from the downstream of the petrochemical industry, and there are many downstream uses of synthetic resin. As depicted in the figure below, synthetic resin has five major uses, namely: coating material, ink, adhesive, sealant, and special chemicals. Its formula can be adjusted to deliver such a broad diversity of physical properties and functions that makes it an essential part of virtually every industry from electronics, synthetic leather, synthetic fiber, construction, aerospace, transportation, paper making, automobile to optoelectronics and information. This is why competitiveness of the synthetic resin industry has a profound effect on the growth of a nation's overall economy.

The synthetic resin industry and applications

Source: IEK, Industrial Technology Research Institute

2. Association between upstream, midstream, and downstream industry participants



3. Product trend and competition

The Company's products are mainly used for the production of daily supplies, textile goods, construction materials, and industrial supplies. Considering how economic growth, population growth, and rising awareness for environmental protection increase dependency for synthetic resins, demand should continue to rise in line with economic growth. The Company's product portfolio mainly comprises coating, lamination, TPU film, and special chemicals; its attention to product development combined with adequate research capacity and abundant experience have earned itself strong competitive advantage and reputation among peers.

(1) Product trends

① Coating and lamination

Conventional textile products are made using common processes such as yarn spinning, weaving, dyeing, and finishing, and plastic materials (e.g. PVC) may be added for processing in some circumstances. The market and competition for such products are overly saturated, and due the industry's labor-intensive nature, most industry participants have chosen to migrate production activities to the Mainland. Coating and lamination is a process that brings useful functions such as breathability, waterproof, fire retardance, anti-bacteria, anti-odor, and UV resistance to conventional textile, thereby providing consumers with greater diversity of products. The industry currently exhibits the following trends:

A. Coating and lamination processes that are less sophisticated will gradually migrate to emerging countries.
B. Businesses will have to develop broader variety of processing technologies to satisfy downstream participants' one-stop shopping needs.

Textile products that are treated with coating and lamination are classified as special fabric for export purpose. Driven by the growth of economic activities and personal income, consumers now place more attention to lifestyle, healthcare, and safety than ever before, which fuels demand for performance apparel such as diving suit and snow suit, medical textile such as surgical gowns and bed sheets, and accessories made with fire-retardant materials. Demand for functional textile goods should continue to grow in the future as a result.

② Resins

Uses of conventional "solvent-type" PU resin are gradually phased out and replaced with "solvent-free" PU resin. This reform is happening on a global scale, and the environmental protection and energy conservation values that advance nations are advocating will largely determine product applications in the future. Meanwhile, uses of PU resin for general purposes such as coating and adhesive will be presented with similar challenges. Although it only takes a change of medium to turn "solvent-type" into "solvent-free," doing so would alter the property of resin as well as how it is processed for various applications. PU synthetic leather, in particular, is a whole new territory.

The use of water-based PU resin in PU synthetic leather is extremely challenging. For waterborne PU dispersions, manufacturers can apply "crosslinking" to improve physical properties for a given application, or use emulsion thickener to thicken water-based resin and either create foams through machinery or use water-based PU as adhesive. In theory, there should be no problem replacing solvent-type PU resin with water-based PU for the processing of PU synthetic leather; the process only requires persistent development and refinement from participants of the PU industry.

As for "multi-solvent type" dry PU resins, improvements will be made to the production procedures to simplify or unify the use of solvents, which is a feasible response to the tightening emission control over VOCs. Doing so would increase the efficiency at which solvent is recycled, reduce the types and volume of solvents used, simplify the recycling process, and improve the overall quality of solvents recovered. However, simplified or unified use of solvent may alter the volatility rate and reduce production speed, and any changes to the existing production procedures in response may all affect the quality, cost structure, and competitiveness of PU products. From the production of "solvent-free" PU resin and "water-based" PU resin to the simplified use of solvents, there are still many bottlenecks that have yet to be overcome and require collaboration between industry participants, the government, and the academia to make PU synthetic leathers more economically viable, environment-friendly, and sustainable for the future.

③ Special chemicals

Research and development of special chemicals have been critical to Taiwan's industry growth. This particular segment focuses on developing industrial supplies that are less pollutive and offer high added value, and given the product's versatile applications, it is essential for manufacturers to customize according to customers' needs. For this reason, the management's ability to develop new products and control sales channels will largely determine a company's future success. The industry currently exhibits the following trends:

A. New product developments that aim to support industry upgrade in the downstream.
B. High degree of specialization, producing small volume in high variety.
C. Market distinction through quality improvement.
D. Establishment of complete marketing and service network.
E. Industry-wide integration as a way to compete against foreign counterparts, or reducing competition through OEM with major manufacturers.

(2) Competition

The Company currently operates three main production lines and makes products including PU synthetic resin, special chemicals, and coating and lamination for special textile. Below is a description of key competitors and their main business activities:

Product line	Name of main competitor	Business activities
Coating Chemicals	Ho Chien, Hwa Sheng Hsing, Yie-Cheng, G-Fun, Formosa Taffeta, Tahsin, Everest Textile	Transfer lamination of breathable and waterproof fabric, fabric lamination, sandwich lamination, wet lamination
Polymer Product	Evermore Chemical, U-Best, DALI Polymer	PU resin
Special chemical Product	Sunko, CIBA	Curing agent and photoinitiator

Source: Member List of Taiwan Synthetic Resin & Adhesives Industrial Association

There are two main types of processing for garment fabric: transfer lamination and wet coating. Due to differences in customers' demand and the downstream processing environment, the Company is required to adjust product formula to customers' request and work with an extensive variety of specifications. Industry participants are so diverse in terms of resource and capacity that no single business is able to meet the pricing and quality needs of all customers, therefore only very few manufacturers enjoy monopolistic advantage. The Company ventured into coating and lamination at an early time, and has accumulated extensive experience in the business to command better R&D capacity and product yield than its peers. Local industry peers that are sizable and currently listed on TWSE/TPEX include: Formosa Taffeta, San Fang, Formosan Rubber, Hsin-Li, Pony Leather, Sun Yad, and G-Fun; among which, only the Company and G-Fun specialize in production, and the Company has advantage in terms of cost and technology because it produces its own resins for lamination.

Resins is a highly competitive industry, and the strengthening of NTD currency combined with labor shortage and rising wages in recent years have forced many downstream participants to migrate to the Mainland and Southeast Asian countries where labor is abundant and relatively cheap. This ongoing migration has led to the reduction of production capacity, causing disequilibrium in the supply and demand of PU resin in Taiwan. Price competition ensued and profit margin reduced across the industry as a result. Despite the above challenges, the Company took the initiative to improve production equipment and procedures for increased production efficiency and lower cost, while at the same time committed resources persistently into the research and development of high value-added offerings to replace overly homogeneous products. By offering products of comparable quality to imports at reasonable prices, the Company has managed to sustain competitiveness over time.

With regards to special chemicals, curing agent has been a unique product that is mass-produced only by Sunko and the Company in Taiwan. The Company is currently working with major foreign manufacturers to develop new applications for curing agent in an attempt to increase the versatility of this unique offering. As for photoinitiators, the Company has been able to develop competitive advantage by quickly entering the market with reasonable pricing at a time when foreign patents expired.

(IV) Technology and R&D overview

I. Research and development expenses

Unit: NTD thousands

Item	2022
R&D expense	27,402
Net operating revenues	2,186,641
R&D expense as a percentage of operating revenue	1.25%

II. Technologies or products successfully developed

Year	R&D progress
2022	1. Highly breathable bio-based hydrophilic film (biomass content >40%) 2. Bio-based microporous film (biomass content >35%) 3. Weatherproof resin 4. Water-based hot-melt adhesive 5. 100% toluene resin 6. One-shot finish resin 7. bluesign® APPROVED film 8. Foam injection technology 9. Hot-melt adhesive for footwear 10. R-PET hot-melt adhesive 11. Non-yellowing TPU film

III. Future research and development plans and projected expenses

(1) Future R&D plans

Future technologies and R&D efforts will be directed toward capturing markets that offer higher added value, and diversifying products and services for broader market reach. Below is a description of future R&D efforts:

1. Water-based weatherproof color sheet/film
2. Water-based hot-melt adhesive film
3. Hydrophilic graphene film
4. Water-based glue
5. High-bound casting PU material

6. Shock-absorbing casting PU material
7. Water-based transfer PU resin
8. Biomass polyurethane reactive adhesives
9. High-rebound TPU foam
10. Medium-rebound TPU foam
11. High R-PET TPU pellet
12. E-TPU material

(2) Expected R&D expenses

R&D expenses are included in the annual budget. The Company spent NT$27,402 thousand on R&D in 2022. As revenues grow, additional R&D personnel will be recruited and R&D equipment will be purchased to support future R&D plans. The budget for 2023 R&D expense is NT$50,000 thousand.

(V) Long and short-term business plans

I. Short-term plan

(1) Enhance group-wide resource integration and improve operating performance.

(2) Strengthen customer relations for increased collaborative benefits.

(3) Promote environment-friendly products and rally consumers toward social responsibilities.

(4) Improve quality management practices to ensure the stability of product quality for better customer satisfaction.

(5) Invest into the improvement of production procedures for reduced production cost and enhanced competitiveness.

(6) Enhance industrial safety and health training, and improve work environment for all employees.

II. Medium and long-term plans

(1) Maintain productive interaction with upstream and downstream partners for more stable supply and sales network.

(2) Develop innovative products for for greater market expansion.

(3) Train talents and enhance employee training to support business expansion efforts.

II. Market, production, and sales overview

(I) Market analysis

1. Locations where products are mainly sold

Unit: NTD thousands

Location \ Year		2021		2022	
		Amount	%	Amount	%
Domestic sale		1,438,648	71.45%	1,667,969	76.28%
Export sale	Europe	199	0.01%	0	0.00%
	Asia	299,077	14.85%	228,295	10.44%
	America	268,549	13.34%	283,030	12.94%
	Others	7,016	0.35%	7,347	0.34%
	Subtotal	574,841	28.55%	518,672	23.72%
Total		2,013,489	100.00%	2,186,641	100.00%

2. Market share

Product category		Details
Coating and lamination		This process applies PU lamination to produce breathable and waterproof fabric, medical fabric, blackout fire-retardant fabric, heat-resistant washed fabric, any high-end fabric with laminated TPU film, tarp, 2-layer laminates, and 3-layer laminates. In terms of sales destination, 16% of the products are directly exported while 84% of the products are indirectly exported. Export destinations mainly include Europe, USA, Japan, and Southeast Asia. The Company currently has approximately 10%-15% share of the domestic market.
Product category		Details
PU resin		The Company mainly sells resin for garments; 78% of the products are sold domestically while 22% are exported. The Company currently occupies approximately 20% share of the local market.
Special chemicals	Curing agent	The Company mainly sells MOCA and MDA; 68% of the products are sold to Japan, Korea, USA, and Singapore, while 32% are sold domestically. The Company currently occupies approximately 40% share of the local market.
Special chemicals	Photoinitiator	Products are sold in Taiwan and to Japan, Europe, and USA. The Company currently occupies approximately 20% share of the local market.

3. Future market supply, demand, and growth

(1) Supply

Taiwan's coating and lamination industry exhibits high degree of seasonality, and considering the fact that medium and small manufacturers are unable to expand equipment and capacity for seasonal demand, large players should continue to dominate the industry in the future, and it is unlikely to see any significant increase in supply volume over the short term.

Taiwan's synthetic resin manufacturers have developed strong competitiveness over the last several decades. Given its position in the midstream and downstream of the petrochemical industry, production of synthetic resin involves sophisticated know-how and highly specialized personnel that present significant barriers of entry. For this reason, it is unlikely to see new competitors or any significant increase in supply volume over the short term.

(2) Demand

Evolution and expansion of performance apparel are being driven not only by people's pursuit for performance, but by changes to the work environment, climate, and physical protection requirements as well. As people spend more time on recreational activities, they demand a broader range of garments with functions and added values, which in turn supports the growth of performance apparels. Consumers are willing to pay premium for these products mainly because of the advertised functions and the prospect of engaging in their activities with optimal comfort, safety, and performance.

Performance apparel used to be dominated by sports and outdoor garments; it was not until recent years when consumers started demanding performance apparels "partially for sports and partially for everyday wear" that the lines between homewear and sportswear began to blur, and gave rise to a new category of Lifestyle apparel.

Sports and recreation have become the new fashion trend in Europe and USA, meaning that lifestyle garments are no longer confined to fitness centers. World's leading sports garment brands including NIKE, UA, Adidas, and Lululemon have all jumped onto the trend, and their main suppliers consist entirely of Taiwanese manufacturers. Wei-Chi Huang, President of Taiwan Textile Federation (TTF), said that Taiwan is currently world's main supplier of synthetic fibers, and as many as 70% of the world's reputable brands source functional fabrics from Taiwan. Below is an overview of the performance apparels industry.

Users of performance apparel are mostly professional athletes; for this reason, market demand is driven by and is highly correlated with international sport events. The global sports garment market was valued at US$157.9 billion in 2012; "performance garment" and "lifestyle garment" alone accounted for US$131 billion. In 2014, the size of the market exceeded US$170 billion in value, and performance garments alone amounted to US$75.2 billion, representing 44.2% of overall sports garments; meanwhile, outdoor garments were valued at US$29.6 billion (17.4%) whereas lifestyle garments were valued at US$65.4 billion (38.4%).

Judging by the above statistics, the compound annual growth rate for sports garments overall should be higher in 2014 to 2018 compared to 2012 to 2014, and performance garments and lifestyle garments should continue to dominate the market. According to the statistics published by research institution - SGMA, sale of sports garments in the U.S. have been increasing at a compound average growth rate of 5% between 2012 and 2016, which was higher than the 2%-3% of the clothing industry overall. Demand for performance garments should continue to exhibit positive growth in the future.

4. Competitive advantage

(1) R&D capacity

Chemical engineering is a technology-intensive industry, and only with an experienced and efficient R&D team may businesses deliver high quality, stay competitive, and gain market share over time. Since the establishment of a dedicated R&D Center, the Company has successfully developed and mass-produced several coating/lamination products, PU resins, curing agents, and photoinitiators that contributed significantly to business performance. This R&D team that is capable of keeping up with market trends and introducing products to the market's needs has been critical to the competitiveness of the Company.

(2) Quality of the management team

The Company has a management team that comprises elite talents from the local petrochemical industry. Their strong knowledge in the production, research, development, and marketing of PU resins, special chemicals, coating, and lamination is what enabled the Company to grow persistently over time.

(3) Marketing channels

All members of the management team have more than ten years of experience in the petrochemical industry, and are therefore well-versed in the business of selling chemicals. Combined with excellent quality and cost control, every new product introduced has been able to achieve favorable sales. For this reason, the Company considers marketing channel to be a critical factor for its growth.

(4) PU resins can be supplied to the coating department, which reduces production cost and makes pricing more competitive

The Company's polymer department produces highly breathable PU resins that can be supplied to the coating department for use as raw materials, which enables the Company to introduce specialized new products more quickly than its competitors. Furthermore, the ability to source resins internally gives the Company an advantage over peers who rely on external purchase, in the case of a price competition.

5. Future opportunities, threats, and response strategies

(1) Opportunities

Department	Details
Coating and lamination	1. Uses of high-tech textile are increasingly popular, thereby presenting the market with growth opportunities. 2. The Company ventured into coating and lamination at an early time, and has accumulated extensive experience in the business to command better R&D capacity and product yield than its peers. 3. The management team is highly experienced and well-versed in relevant technologies to quickly develop new products and expand customer base. 4. The Company has access to marketing channels and a sales service network that reaches hundreds of customers domestically and abroad.
Resins	1. The Company has the ability to develop and produce high-performance and high-quality products, and is unaffected by price competitions in the market. 2. Key materials such as DMF and MEK are being produce domestically, which will be very helpful to lowering costs for the PU industry.
Special chemicals	Both the polymer segment and the coating segment have accumulated abundant experience and are very knowledgeable about the midstream and downstream applications of the special chemicals produced by the Company. This insight allows them to develop products with market potentials quickly and accurately.

(2) Threats:

Department	Details
Coating and lamination	1. Mainland manufacturers are able to produce at lower cost with fewer environmental restrictions. Their dominance in low-level production affects profitability of Taiwanese manufacturers. 2. Rising environmental awareness increases cost of waste treatment, whereas rising labor awareness increases personnel cost.
Resins	1. Downstream manufacturers are gradually migrating and reducing the amount of purchases in Taiwan. 2. Rigorous environmental protection requirements pose additional costs and burden.
Special chemicals	1. Special chemicals are prone to patent expiry, which invites competition that affects product pricing and profitability. 2. Certain critical materials are sourced from few suppliers at higher price.

(3) Response strategies:

Department	Details
Coating and lamination	1. Take initiative in the development of high value-adding products for improved margin. 2. Enhance production management efforts and explore ways to improve production procedures; aim to reduce manufacturing costs and minimize pollution over the course of production.

	3. Install solvent recycling equipment to reduce pollution and emission from the production process.
Resins	1. Expand production site overseas to serve customers up close. 2. Support development of high-performance and high value-adding products.
Special chemicals	1. Direct R&D efforts toward improving product performance and develop products with distinctive advantages to maintain margins. 2. Explore supply sources and aim to increase self-sufficiency of raw materials; secure the source and quality of supply by maintaining at least two suppliers for every material.

(II) Main product applications and production processes

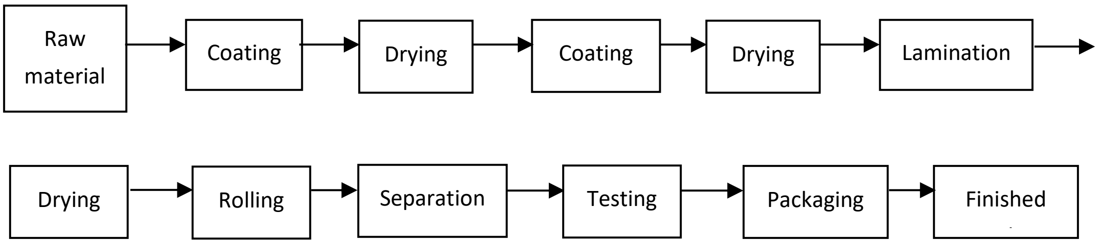
1. Main product applications

<table>
<tr><th colspan="3">Product category</th><th>Purpose</th></tr>
<tr><td rowspan="7">Professional lamination/coating of fabrics</td><td rowspan="5">PU transfer lamination</td><td>Moisture permeable and waterproof fabric</td><td>Snow suit, diving suit, windbreaker, outdoor/sports/recreational garment</td></tr>
<tr><td>Colored fabric</td><td>Processing of fashion garments; provides color and pattern variations</td></tr>
<tr><td>Medical fabric</td><td>Safety vest, surgical gown, medical bed, padding, breathable tape</td></tr>
<tr><td>Fire-retardant blackout fabric</td><td>Fireproof construction materials and curtains</td></tr>
<tr><td>Hot-pressed film</td><td>Laptop bag, electric recliner</td></tr>
<tr><td rowspan="2">Fabrics Processing</td><td>Sandwich lamination</td><td>Used in gloves, sports garments, and sports shoes</td></tr>
<tr><td>2-layer lamination</td><td>Windbreaker, outdoor/sports/recreational garment</td></tr>
<tr><td rowspan="5">Resins</td><td colspan="2">PU resin for moisture permeable and waterproof fabric</td><td>Coating and lamination of various fabrics</td></tr>
<tr><td colspan="2">PU resin for footwear</td><td>Shoe insole, insert, and outsole</td></tr>
<tr><td colspan="2">PU resin for synthetic leather</td><td>Dry and wet synthetic leather</td></tr>
<tr><td colspan="2">Polyester polyol</td><td>PU elastomer, PU foam, PU resin</td></tr>
<tr><td colspan="2">Resin for PU elastomer</td><td>Waterproof coating, wear resistant coating, industrial roller, industrial supply, pipeline etc.</td></tr>
<tr><td rowspan="3">Special chemicals</td><td rowspan="2">Curing agent</td><td>4,4'-Methylenebis(2-chloroaniline)</td><td>For skate wheel, roller, industrial caster wheel, waterproof material, sports flooring, and track</td></tr>
<tr><td>4,4'-Methylenedianiline</td><td>Flooring material, packaging material, anti-corrosion coating</td></tr>
<tr><td colspan="2">Photoinitiator</td><td>Commonly found in green, blue, and black ink, and is often used to make photoresist or</td></tr>
</table>

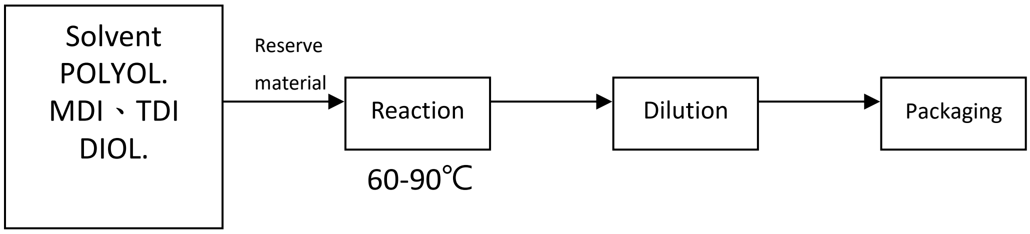
		solder resist ink for electronics, wood paint, varnish, clear coating, UV coating, and UV adhesive
TPU Film		1. Garments: TPU waterproof breathable film 2. Footwear materials: High frequency welding, brand Logo, no sewing vamp 3. Medical: Medical bedding tube, medical rehabilitation inflatable materials 4. Outdoor activities: Outdoor air mattress, water bag

2. Production processes of main products

(1) Coating and lamination process for breathable and waterproof products

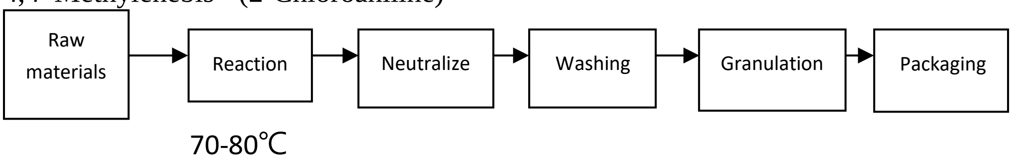


(2) Production process for resins

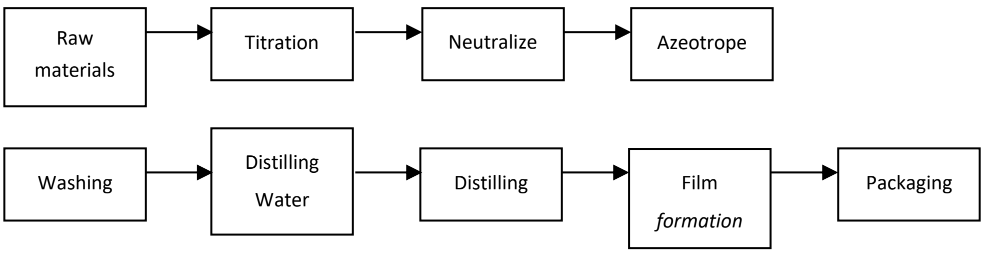


(3) Production process for special chemicals

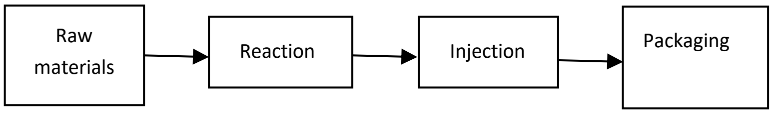
①4,4'-Methylenebis - (2-Chloroaniline)



②4,4'-Methylenedianiline



(4) Production process for TPU



(III) Supply of main materials

Main materials	Main suppliers	State of supply
Aniline	Domestic and overseas	Fair
TOL	Domestic	Fair
DMF	Domestic and overseas	Fair
MDI-PH	Overseas	Fair
OCA	Overseas	Fair
Formaldehyde	Domestic	Fair

(IV) Name of trade partner representing more than 10% of total purchases (sales) in any of the previous two years, and the amount and percentage of purchase (sale); describe the cause of any variation

1. List of main buyers

	2021				2022				First quarter of 2023			
Item	Name	Amount	As % of annual sales, net (%)	Relationship with the issuer	Name	Amount	As % of annual sales, net (%)	Relationship with the issuer	Name	Amount	As % of net sales during the first quarter of the year	Relationship with the issuer
1	B1 (Note 1)	(Note 2)	(Note2)	None	B1 (Note1)	258,704	12	None	B1 (Note1)	(Note2)	(Note2)	None
2	—	—	—	—	—	—	—	—	—	—	—	—
	Others	1,916,180	94	—	Others	1,927,937	86	—	Others	437,587	92	—
	Sales Net	2,013,489	100		Sales Net	2,186,641	100		Sales Net	473,852	100	

Note: Based on the Group's consolidated revenues

Not 2: Income does not reach 10% of the consolidated net operating revenue.

Reason for increase/decrease of sales from main customers

Company B1's sales grew in 2022 and hence placed more orders.

2. List of main suppliers

No single supplier represented more than 10% of purchases in 2021 or 2022.

(V) Production volume and value in the last two years

Unit: NTD thousands; MT/thousand yards

Year / Production Volume/Value / Main products	2021			2022		
	Production capacity (Note 1)	Production volume	Production value	Production capacity (Note 1)	Production volume	Production value
Coating and lamination	20,000	24,332	778,658	20,000	24,402	873,008
Resin	12,000	9,346	608,110	12,000	9,180	678,029
Curing agent	3,933	3,327	327,311	3,933	2,738	342,532
TPU(Y)	12,800	11,233	128,504	12,800	11,152	188,929
TPU(KG)	1,200	1,155	144,231	1,200	1,499	192,319
Others (Note 2)	—	271	147,216	-	5,542	244,760
Total		49,664	2,134,030		54,512	2,519,576

Note 1: Production capacity is calculated based on 8-hour work day.

Note 2: Production capacity is not disclosed separately for items that involve different units of calculation and are immaterial.

(VI) Sales volume and value in the last two years

Unit: NTD thousands; MT/thousand yards

Sales Year / Volume/Value / Main products	2021				2022			
	Domestic sale		Export sale		Domestic sale		Export sale	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Coating and lamination	29,876	823,043	1,050	181,135	27,485	957,745	674	127,511
Resin	3,167	244,333	35	3,417	3,039	266,207	96	11,207
Curing agent	1,055	135,638	1,906	223,387	1,126	164,406	1,550	282,007
TPU(Y)	5,632	104,153	89	6,095	6,747	170,231	49	4,846
TPU(KG)	601	56,623	42	5,944	366	41,942	70	10,323
Others (Note)	192	74,858	255	154,863	105	67,438	136	82,778
Total	40,523	1,438,648	3,377	574,841	38,868	1,667,969	2,575	518,672

Note: Others represents income from sale of merchandise.

III. Employee size, average years of service, average age, and academic background in the last 2 years up until the publication date of annual report

Year		2021	2022	2023 up until April 30
Employees Participant count	Managerial personnel	15	14	14
	Indirect employees	110	99	100
	Direct employees	208	235	246
	Total	333	348	360
Average age		38.29	39.84	40.52
Average years of service		7.65	8.07	8.65
Education Distribution Percentage	0.60%	0.57%	0.57%	0.57%
	7.50%	7.47%	8.06%	8.06%
	33.34%	31.61%	31.10%	31.10%
	32.43%	29.02%	28.60%	28.60%
	26.13%	31.33%	31.67%	31.67%

IV. Contribution to environmental protection

The Company incurred no loss (including compensatory damages) or fine due to environmental pollution in 2022 and as of the publication date of this annual report.

V. Labor-management relations

(I) Availability and execution of employee welfare, education, training, and retirement policies; elaborate on the agreements between employers and employees, and protection of employees' rights

1. Employee welfare, education, and training

(1) Employee welfare measures and implementation

- Employees are entitled to special leave of absence and pension fund contributions under laws. An Employee Welfare Committee has been assembled to organize benefits and protect workers' rights.
- In addition to mandatory Labor Insurance and National Health Insurance coverage, all employees are also covered by additional group insurance.
- Employee health checkups are organized on a regular basis.
- Customary cash is distributed for occasions such as Labor Day, Duanwu Festival, and Mid-autumn Festival.
- Subsidies, in additional to special leave of absence, are granted for wedding, funeral, and celebrations as required by the Labor Standards Act.
- Earnings concluded by the Company may be shared with employees.
- Accommodation and meal are provided to employees.
- Role-model employees are openly commended and gifted with gold medals.
- Senior employees are openly commended and gifted with commemorative gold accessories and medals.
- Birth incentive: Childbirth subsidy and child care subsidy (age 0-4) are offered to employees (and spouse) who give birth.

(2) Ongoing education and training

The Company plans and executes annual training programs with the goal of enhancing employees' professional capabilities, work efficiency, and product quality awareness. Both internal and external training programs are organized to help employees develop professional capacities in various areas of expertise. The Company organizes the following training programs:

① Orientation: Provides new recruits with a basic understanding of the Company's business activities, work rules, employee benefits, and disciplinary/reward policies.

② Pre-job training: According to Article 16 of Worker Safety and Health Education and Training Rules, employees are required to undergo safety and health training before being assigned to a new role.

③ On-job training: Helps employees develop the professional skills, knowledge, and management capacity needed to perform work duties.

④ Specialist training: Employees are assigned to undergo training and obtain certification at relevant institutions.

The Company has a set of "Education and Training Policy" in place to serve as training guideline for new recruits as well as existing employees. Training progress is consolidated by the Human Resources Department every six months, and the outcomes of which provide reference for performance evaluation.

Statistics and spending related to employee training and education in 2022:

Education/training	Internal training	External training
Enrollments	1,288	101
Training hours	3,390	1,012
Budgeted expense	NT$1,922 thousand	NT$324 thousand

Note 1: All internal training instructors were company employees, therefore no expense was incurred.

Note 2: Represents expenses paid for the training course, and excludes travel allowance, meal allowance etc.

2. Retirement system and implementation

(1) The Company handles employees' retirement in accordance with the Labor Standards Act, and makes monthly pension fund contributions at 5% of gross salary. All pension contributions are deposited into the account held with the Trust Department of Bank of Taiwan, as instructed by the government authority.

(2) Following the implementation of "Labor Pension Act" on July 1, 2005, the Company has been making monthly contributions equal to 6% of salary to the Bureau of Labor Insurance for employees who opted for the pension scheme introduced by the Act.

3. Enforcement of labor agreements and employee rights

The Company convenes labor-management meetings once a quarter to communicate with employees on matters concerning its operations, and thereby promote employment relations.

(II) Actual or estimated losses arising as a result of employment dispute in the last two years up until the publication date of annual report, and any response measures taken: None

VI. Cybersecurity management

(I) Explain the cybersecurity risk management framework, cybersecurity policy, management practices, and resources committed.

1. Cybersecurity risk management framework

The Company has not assembled a cybersecurity committee that comprises members from different departments, but has assigned the head of IT Team to oversee cybersecurity details.

2. Cybersecurity policy
   (1) The Company maintains detailed record of IT assets and personal data held in possession, and enforces control measures that are relevant to the evaluation and management of cybersecurity and personal data risks.
   (2) Training and awareness programs on cybersecurity and personal data protection are organized from time to time.
   (3) The Company requires contractors to sign a confidentiality agreement so that any party that makes use of the Company's information when rendering service has the duty and obligation to safeguard the information entrusted to them, thereby preventing unauthorized access, alteration, corruption, or improper disclosure.
   (4) All critical information systems and equipment have been properly backed up, supported, and monitored with recovery drills organized on a regular basis to ensure usability.
   (5) All personal computers have antivirus software installed with virus code updated on a regular basis. Use of unauthorized software is strictly prohibited.
   (6) Employees are instructed and held responsible for safeguarding their user accounts, passwords, and access rights. Passwords have to be changed on a regular basis.
   (7) In addition to implementing a business continuity system, the Company organizes regular tests and drills to ensure that the system continues to be effective.
   (8) The Company conducts yearly internal audits to ensure the effectiveness of its cybersecurity management and personal data protection systems.
3. Management solutions and commitment of cybersecurity management resources
   The Company has made cybersecurity and personal data protection as part of the annual audit program, for which the internal audit unit is required to conduct audits at least once a year. Outcomes of annual internal control self-inspection are consolidated and presented to the board of directors, and a Declaration of Internal Control System is issued based on the assessment outcome.

(II) Losses arising as a result of major cybersecurity incident in the last year up until the publication date of annual report, and possible impacts and response measures; state the reasons if losses can not be reasonably estimated: None.

VII. Major contracts

Nature of contract	Parties involved	Contract start/end date	Main contents	Restrictive clauses
Long-term borrowing	The Company and Hua Nan Commercial Bank	2020.07.14 - 2025.07.14	Long-term secured and unsecured borrowing contract	None

Long-term borrowing	The Company and Chang Hwa Commercial Bank	2019.05.09 - 2034.05.09	Long-term secured borrowing contract	None
Mid-term borrowing	The Company and Mega Bank	July 21, 2022 to July 21, 2024	Mid-term secured borrowing contract	None

Six. Financial Overview

I. Summarized financial information for the last 5 years

(II) Summary balance sheet

Unit: NTD thousands

Item \ Year		Financial information for the last 5 years					2023 up until Financial information as at March 31 (Note 1)
		End of 2018	End of 2019	End of 2020	End of 2021	End of 2022	
Current assets		832,600	1,335,001	720,831	1,246,965	952,043	983,201
Property, plant and equipment		1,018,072	977,213	1,437,726	1,162,166	1,289,301	1,318,887
Intangible assets		11,005	12,040	9,675	6,303	6,390	5,545
Other assets		129,933	150,417	166,556	159,775	220,606	228,520
Total assets		1,991,610	2,474,671	2,334,788	2,575,209	2,468,340	2,536,153
Current Liability	Before distribution	490,864	675,279	457,960	814,152	629,223	733,113
	After distribution	490,864	675,279	457,960	814,152	629,223	Not applicable
Non-current liabilities		243,822	516,426	619,994	490,651	467,282	516,827
Liability Total	Before distribution	734,686	1,191,705	1,077,954	1,304,803	1,096,505	1,249,940
	After distribution	734,686	1,191,705	1,077,954	1,304,803	1,096,505	Not applicable
Equity attributable to the owners of the parent		1,205,586	1,237,686	1,205,674	1,211,942	1,325,917	1,239,611
Share capital		807,459	823,608	823,608	823,608	823,608	823,608
Capital reserve		51,559	51,559	51,669	51,718	10,552	10,557
Retained earnings	Before distribution	345,870	363,489	332,060	340,985	491,757	405,446
	After distribution	345,870	363,489	332,060	340,985	491,757	Not applicable
Other equity items		698	(970)	(1,663)	(4,369)	—	—
Treasury stock		—	—	—	—	—	—
Non-controlling interest		51,338	45,280	51,160	58,464	45,918	46,602
Equity Total	Before distribution	1,256,924	1,282,966	1,256,834	1,270,406	1,371,835	1,286,213
	After distribution	1,256,924	1,282,966	1,256,834	1,270,406	1,371,835	Not applicable

Note 1: All above financial information has been audited or auditor-reviewed.

Note 2：Distribution of 2022 earnings in cash was resolved by the Board of Directors and reported to the shareholder meeting, which involved a distribution of cash.

(III) Summary statement of comprehensive income

Unit: NTD thousands except for earnings per share

Item \ Year	Financial information for the last 5 years					2023 up until Financial information as at March 31 (Note 1)
	2018	2019	2020	2021	2022	
Operating revenues	2,177,211	2,072,967	1,605,153	2,013,489	2,186,641	473,852
Gross profit	326,086	338,571	230,993	277,223	307,354	58,788
Operating profit	122,667	128,472	57,635	84,563	81,002	8,199
Non-operating income and expenses	1,826	11,151	7,010	6,443	191,172	6,856
Profit before tax	124,493	139,623	64,645	91,006	272,174	15,055
Continuing operations Current net income	101,377	111,277	58,704	75,956	256,743	8,656
Loss from discontinued operations	—	—	—	—	—	—
Current net income (loss)	101,377	111,277	58,704	75,956	256,743	8,656
Other comprehensive income for the current year (Net of tax)	(656)	(1,991)	960	3,456	14,943	—
Total comprehensive income for the current period	100,721	109,286	59,664	79,412	271,686	8,656
Net income attributable to owners of the parent	106,190	114,837	58,407	68,652	263,739	15,379
Net income attributable to non-controlling shareholders	(4,813)	(3,560)	297	7,304	(6,996)	(6,723)
Total comprehensive income attributable to owners of the parent	105,534	112,846	59,367	72,108	278,682	15,379
Total comprehensive income attributable to non-controlling shareholders	(4,813)	(3,560)	297	7,304	(6,996)	(6,723)
Earnings per share (NTD) (Note 2)	1.29	1.39	0.71	0.83	3.20	0.19

Note 1: Financial information has been auditor-reviewed.

Note 2: EPS is calculated after making retrospective adjustments based on weighted average outstanding shares in the current year.

(IV) Summary separate balance sheet

Unit: NTD thousands

Item \ Year		Financial information for the last 5 years				
		End of 2018	End of 2019	End of 2020	End of 2021	End of 2022
Current assets		752,521	1,194,723	582,525	1,096,705	836,065
Property, plant and equipment		964,103	918,338	1,390,891	1,123,728	1,259,534
Intangible assets		9,916	10,722	8,635	5,149	5,583
Other assets		174,087	183,060	189,856	196,710	243,255
Total assets		1,900,627	2,306,843	2,171,907	2,422,292	2,344,437
Current liabilities	Before distribution	452,229	563,399	394,299	748,531	570,762
	After distribution	452,229	563,399	394,299	748,531	570,762
Non-current liabilities		242,812	505,758	571,934	461,819	447,758
Total liabilities	Before distribution	695,041	1,069,157	966,233	1,210,350	1,018,520
	After distribution	695,041	1,069,157	966,233	1,210,350	1,018,520
Share capital		807,459	823,608	823,608	823,608	823,608
Capital reserve		51,559	51,559	51,669	51,718	10,552
Retained earnings	Before distribution	345,870	363,489	332,060	340,985	491,757
	After distribution	345,870	363,489	332,060	340,985	491,757
Other equity items		698	(970)	(1,663)	(4,369)	-
Treasury stock		-	-	-	-	-
Total equity	Before distribution	1,205,586	1,237,686	1,205,674	1,211,942	1,325,917
	After distribution	1,205,586	1,237,686	1,205,674	1,211,942	1,325,917

(V) Summary separate statement of comprehensive income

Unit: NTD thousands except for earnings per share

Item \ Year	Financial information for the last 5 years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenues	2,011,097	1,832,109	1,370,485	1,728,909	1,981,438
Gross profit	318,129	320,310	211,633	232,070	311,980
Operating profit	137,220	136,917	59,024	68,228	105,846
Non-operating income, expenses and losses	(4,464)	8,318	6,391	12,760	177,106
Profit (loss) before tax	132,756	145,235	65,415	80,988	282,952
Gain/loss from continuing operations	106,190	114,837	58,407	68,652	263,739
Gain/loss from discontinued operations	-	-	-	-	-
Current net income (loss)	106,190	114,837	58,407	68,652	263,739
Other comprehensive income for the current year	(656)	(1,991)	960	3,456	14,943
Total comprehensive income for the current period	105,534	112,846	59,367	72,108	278,682
Earnings per share	1.29	1.39	0.71	0.83	3.20

Note 1: Financial information for all above years has been audited.

Note 2: EPS is calculated after making retrospective adjustments based on weighted average outstanding shares in the current year.

(VI) Names of financial statement auditors in the last 5 years and audit opinions

Year	Accounting firm	Name of CPA	Audit opinion
2018	Weyong International CPAs & Co.	Huei-Fen Lin, Tzu-Yang Wang	Unqualified opinion
2019	Weyong International CPAs & Co.	Huei-Fen Lin, Tzu-Yang Wang	Unqualified opinion
2020	Weyong International CPAs & Co.	Chun-Chen Ko, Tzu-Yang Wang	Unqualified opinion
110	Weyong International CPAs & Co.	Chun-Chen Ko, Tzu-Yang Wang	Unqualified opinion
111	Weyong International CPAs & Co.	Chun-Chen Ko, Tzu-Yang Wang	Unqualified opinion

II. Financial analysis for the last 5 years

(I) Financial analysis for the last 5 years - consolidated

Analysis \ Year		Financial analysis for the last 5 years					2023 up until March 31 (Note 2)
		2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	
Financial position (%)	Debt-to-assets ratio	36.89	48.16	46.17	50.67	44.42	49.28
	Long-term capital to property, plant and equipment ratio	147.41	184.14	130.54	151.53	142.64	136.71
Solvency . (%)	Current ratio	169.62	197.70	157.40	153.16	151.30	134.11
	Quick ratio	113.92	149.55	98.45	106.20	94.78	85.85
	Interest coverage ratio	16.22	12.85	6.82	10.22	27.97	5.49
Efficiency	Receivables turnover (times)	4.53	4.87	4.42	5.07	4.67	4.05
	Average cash collection days	80.57	74.94	82.57	71.99	78.15	90.12
	Inventory turnover (times)	5.71	5.50	4.30	4.94	4.89	4.61
	Payables turnover (times)	9.30	9.90	8.54	9.12	9.02	8.81
	Average inventory turnover days	63.92	66.36	84.88	73.88	74.64	79.18
	Property, plant and equipment turnover (times)	2.15	2.08	1.33	1.55	1.78	1.45
	Total asset turnover (times)	1.07	0.93	0.67	0.82	0.87	0.76
Profitability	Return on assets (%)	5.26	5.38	2.79	3.40	10.42	0.40
	Return on equity (%)	8.22	8.76	4.62	6.01	19.43	0.65
	Pre-tax profit to paid-up capital ratio (%)	15.42	16.95	7.85	11.05	33.05	1.83
	Net profit margin (%)	4.66	5.37	3.66	3.77	11.74	1.83
	Earnings per share (NTD) (Note 3)	1.32	1.39	0.71	0.83	3.20	0.19
Cash flow (%)	Cash flow ratio	63.41	28.46	53.06	8.62	25.59	1.82
	Cash flow adequacy ratio	117.12	82.15	82.87	104.86	88.74	69.68
	Cash reinvestment ratio	10.93	4.66	6.56	0.20	(0.41)	0.62
Degree of leverage	Operating leverage	4.02	3.95	6.88	5.00	5.37	11.73
	Financial leverage	1.07	1.10	1.24	1.13	1.14	1.69

Explanation to variations of financial ratio exceeding 20% in the last 2 years:

1. Interest coverage ratio increased due to an increase in current net income.
2. Return on assets increased due to an increase in current net income.
3. Return on equity increased due to an increase in current net income.

4. Pre-tax profit to paid-up capital ratio increased due to higher pre-tax profit in the current period.
5. Net margin increased due to an increase in net income during the period.
6. Earnings per share increased due to an increase in net income during the period.
7. Cash flow adequacy ratio increased due to higher net cash flows from operating activities and lower current liabilities during the period.
8. Cash reinvestment ratio decreased due to higher net cash flows from operating activities during the period.

Note 1: Financial information has been audited.
Note 2: Financial information has been auditor-reviewed.
Note 3: EPS is calculated after making retrospective adjustments based on weighted average outstanding shares in the current year.

(II) Financial analysis for the last 5 years - separate

Analysis	Year	Financial analysis for the last 5 years				
		2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)
Financial structure (%)	Debt-to-assets ratio	36.57	46.35	44.49	49.97	43.44
	Long-term capital to property, plant and equipment ratio	150.23	189.85	127.8	148.95	140.82
Solvency. (%)	Current ratio	166.4	212.06	147.74	146.51	146.48
	Quick ratio	109.25	161.81	88.9	100.63	89.72
	Interest coverage ratio	17.63	14.07	7.43	10.04	31.47
Efficiency	Receivables turnover (times)	4.62	4.76	4.31	4.89	4.62
	Average cash collection days	79.00	76.68	84.68	74.64	79.00
	Inventory turnover (times)	5.54	5.28	4.17	4.80	4.79
	Payables turnover (times)	9.63	9.92	8.25	8.59	8.62
	Average inventory turnover days	65.88	69.12	87.52	76.04	76.20
	Property, plant and equipment turnover (times)	2.47	1.95	1.19	1.38	1.66
	Total asset turnover (times)	1.03	0.87	0.61	0.75	0.83
Profitability	Return on assets (%)	5.75	5.86	2.95	3.28	11.29
	Return on equity (%)	8.91	9.40	4.78	5.68	20.78
	Pre-tax profit to paid-up capital ratio (%)	16.44	17.63	7.94	9.83	34.36
	Net profit margin (%)	5.28	6.27	4.26	3.97	13.31
	Earnings per share (NTD) (Note 2)	1.29	1.39	0.71	0.83	3.20
Cash flows (%)	Cash flow ratio	70.61	39.2	56.36	4.14	25.60
	Cash flow adequacy ratio	126.62	90.89	91.56	69.93	61.48
	Cash reinvestment ratio	11.82	10.16	5.95	-1.68	-0.87
Degree of leverage	Operating leverage	3.41	3.38	5.83	5.15	3.87
	Financial leverage	1.06	1.09	1.23	1.15	1.10

Explanation to variations of financial ratio exceeding 20% in the last 2 years:

1. Interest coverage ratio increased due to an increase in current net income.
2. Property, plant and equipment turnover increased due to sales growth during the period.
3. Pre-tax profit to paid-up capital ratio increased due to higher pre-tax profit in the current period.
4. Net margin increased due to higher net income during the period.

5. Earnings per share increased due to an increase in net income during the period. 6. Cash flow adequacy ratio increased due to higher net cash flows from operating activities during the period. 7. Cash reinvestment ratio increased due to higher net cash flows from operating activities during the period.

Note 1: Financial information has been audited.

Note 2: EPS is calculated after making retrospective adjustments based on weighted average outstanding shares in the current year.

Below are the formulas used in various financial analyses:

1. Financial position
   (1) Debt-to-assets ratio = total liabilities/ total assets.
   (2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities) / net property, plant, and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.
   (3) Interest coverage ratio = earnings before interest and tax / interest expenses for the current period.
3. Operating efficiency
   (1) Receivables turnover (including accounts receivable and notes receivable from business activities) = net sales / average receivables balance (including accounts receivable and notes receivable from business activities).
   (2) Average cash collection days = 365 / receivables turnover.
   (3) Inventory turnover = cost of sales/average inventory balance.
   (4) Payables turnover (including accounts payable and notes payable for business activities) = cost of sales / average payables balance (including accounts payable and notes payable for business activities).
   (5) Average inventory turnover days = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment balance.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on assets = (net income + interest expenses x (1- tax rate)) / average asset balance.
   (2) Return on equity = net income / average shareholders' equity.
   (3) Net profit margin = net income / net sales.
   (4) Earnings per share = (net income attributable to owners of the parent - preferred share dividends) / weighted average outstanding shares.
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = net cash flow from operating activities for the previous 5 years / (capital expenditure + increase in inventory + cash dividends) for the previous 5 years.

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

6. Degree of leverage:

(1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating profit.

(2) Degree of financial leverage = operating profit / (operating profit - interest expense).

III. Audit Committee's Review Report on the 2022 financial statements

Audit Committee's Review

The Board of Directors prepared and submitted the 2022 business report, the proposal for earnings distribution and the parent company-only financial statements and the consolidated financial statements audited by CPA Chun-Chen Ko and CPA Tzu-Yang Wang with Weyong International CPAs & Co. to Audit Committee for review and no non-conformity was identified. Hence, these reports are duly presented in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

For

The Company's 2023 shareholders' meeting

Shuang-Bang Industrial Corp.

Audit Committee Convener Yen Wang

IV. 2022 Audited Consolidated Financial Statements

See appendix for details.

V. 2022 Audited Parent-Only Financial Statements

See appendix for details.

VI. Any financial distress experienced by the Company or affiliated enterprise and impacts on the Company's financial position in the last year up until the publication date of annual report

None.

Seven.Company Profile Review and Analysis of Financial Position and Business performance, and Risk Management Issues

I. Review and analysis of consolidated financial position

Unit: NTD thousands

Year / Item	2022	2021	Amount increase (decrease)	Variation (%)
Current assets	952,043	1,246,965	(294,922)	-24%
Property, plant and equipment	1,289,301	1,162,166	127,135	11%
Intangible assets	6,390	6,303	87	1%
Other assets	220,606	159,775	60,831	38%
Total assets	2,468,340	2,575,209	(106,869)	-4%
Current liabilities	629,223	814,152	(184,929)	-23%
Non-current liabilities	467,282	490,651	(23,369)	-5%
Total liabilities	1,096,505	1,304,803	(208,298)	-16%
Share capital	823,608	823,608	0	0%
Capital reserve	10,552	51,718	(41,166)	-80%
Retained earnings	491,757	340,985	150,772	44%
Other equity items	0	(4,369)	4,369	-100%
Non-controlling interest	45,918	58,464	(12,546)	-21%
Total equity	1,371,835	1,270,406	101,429	8%

1. Explanation to significant variations (amounting to NT$10 million or 20% and above):
   (1) Current assets decreased primarily due to a reduction of non-current assets available for sale.
   (2) Other assets increased primarily due to the increase in equipment prepayments for new production lines.
   (3) Current liabilities decreased primarily due to the contract liabilities and short-term loans.
   (4) Capital reserve decreased primarily due to distribution of capital reserves in cash.
   (5) Retained earnings increased primarily due to the higher profits and sale of factory facilities in 2022.
   (6) Decrease in other equity primarily due to short-form merger with 100% owned BVI subsidiary.
2. Possible impacts on future financial and business performance: No material impact is expected.
3. Future response measures: Not applicable.

II. Review and analysis of financial performance.

Unit: NTD thousands

Item	2022	2021	Amount increase (decrease)	Variation (%)
Operating revenues	2,186,641	2,013,489	173,152	9%
Operating costs	1,879,287	1,736,266	143,021	8%
Gross profit	307,354	277,223	30,131	11%

Operating expenses	226,352	192,660	33,692	17%
Operating net profit	81,002	84,563	(3,561)	-4%
Non-operating income and expenses	191,172	6,443	184,729	2867%
Profit before tax	272,174	91,006	181,168	199%
Income tax expense	15,431	15,050	381	3%
Current net income	256,743	75,956	180,787	238%
Other comprehensive income, net	14,943	3,456	11,487	332%
Total comprehensive income for the current period	271,686	79,412	192,274	242%

1. Explanation to significant variations (amounting to NT$10 million or 20% and above):
   (1) Operating revenues increased mainly due to a recovery of sales order as the COVID situation subsided.
   (2) Order recovery increased utilization, cost of goods sold and gross profits.
   (3) Operating expenses increased in line with higher revenues and gross profits.
   (4) The increase in non-operating income and expense was due to disposal of assets available for sale and increase of profit before tax and net income during the period.
   (5) Other comprehensive income increased mainly due to an increase in net asset of defined benefits.
   (6) In sum, the total comprehensive income increased during the period.
2. Sales forecast for the next year and basis of estimation:

Unit: tonnes/thousand yards

Main products	Expected 2023 volumes
Coating and lamination	21,000
Resin	3,300
Curing agent	3,200
TPU	955

The above volume projections are based on sales in 2022 after taking into consideration the new products under development, the 2023 growth trends and expected customers' demand.

3. Possible impacts on future financial and business performance: None.
4. Future response measures: Not applicable.

III. Cash flow analysis

(I) Analysis of cash flow variations in the last year

Unit: %

Item / Year	2022	2021	Amount increase (decrease)
Cash flow ratio	25.59	8.62	196.90
Cash flow adequacy ratio	88.74	104.86	-15.37
Cash reinvestment ratio	-0.41	0.20	-307.46

Explanation to major variations:

(1) Cash flow ratio:

The cash flow ratio increased in 2022 due to higher net cash flows from operating activities in 2022.

(2) Cash flow adequacy ratio:

The cash flow adequacy ratio decreased in 2022 due to higher net cash flow from operating activities and higher capital expenditures and cash dividends during the past five years.

(3) Cash reinvestment ratio:

The cash flow reinvestment ratio decreased in 2022 due to higher net cash flows from operating activities and higher capital expenditures and cash dividends in 2022.

(II) Improvement plans for inadequate liquidity: Not applicable.

(III) Liquidity analysis for the next year

Unit: NTD thousands

Opening cash balance①	Projected yearly net cash flow from operating activities②	Projected yearly cash outflow③	Projected cash surplus (deficit) ①＋②－③	Financing of expected cash deficits	
				Investment plans	Financing plans
134,000	150,000	80,000	204,000	—	—

(1) Analysis of cashflow changes in 2023

① Operating activities: Cash inflows are expected from 2023 operating activities in the normal course of business.

② Investing activities: Net cash outflows from investing activities primarily due to construction of warehouses and factories and purchase of machinery and equipment.

③ Financing activities: Net cash inflows expected from financing activities in 2023 due to raising of long-term and short-term loans, issuance of cash dividends for 2022 and payment of remuneration to employees and directors.

(2) Response measures and liquidity analysis for cash flow deficit: Not applicable.

IV. Impact of major capital expenditures in 2022 on financials and business

The Company'scapital expenditures in 2022 totaled NT$239,410 thousand, primarily due to construction of new warehouses and factories and higher spending on new equipment. Once completed, the addition of capacities and the launch of new products can create revenues and increase profits.

V. Investment policy in 2022, main reasons for profits or losses, improvement plans and investment plan for the next year

1. Investment policy: The Company devises its investment policy based on future prospect and the overall business plan.
2. For more details on the profits or losses from investees, please refer to the operational overview of affiliated enterprises in Chapter Eight - Special Remarks. The recovery orders following the easing of COVID-19 combined with favorable exchange rate movements boosted profitability in 2021. The Company will continue with efficient use of resources to maintain operating performance and stable profit growth.
3. Investment plans for the coming year: Investments will be made mainly into core business activities.

VI. Risk assessments in 2022 up until the publication date of this annual report

(I) Impact of interest rate, exchange rate, and inflation on the Company's earnings, and response measures

1. Interest rate

   The Company reported interest income of NT$41,000 and NT$383,000 in 2021 and 2022, respectively. Interest income is mainly generated from bank deposits. Interest expenses are incurred mainly on working capital borrowed from financial institutions. The reported interest expenses were NT$9,288,000 and NT$7,431 in 2021 and 2022, respectively. The Company adopts a conservative financial management approach and anticipates interest rate movements based on research reports published by research institutions and banks local and abroad. The Company also maintains close interaction with banks as a way to monitor interest rate changes.

2. Exchange rate changes

   Imported materials accounted for approximately 30%-40% of total purchase in the last three years, and most imports are denominated in USD. Meanwhile, exports accounted for approximately 20%-40% of total sales, and most exports are denominated in USD. For these reasons, exchange rate movements impact the Company to a certain degree. Net gains (losses) on exchange in 2021 and 2022 were NT$393,000 and NT$17,505,000, representing 0.43% and 6.43% of the profit before tax in 2021 and 2022, respectively. The countermeasures to the aforesaid exchange rate risks are as follows.

(1) Persistent efforts are being made to raise exchange rate risk awareness among financial personnel, and significant attention is being directed to obtaining the latest exchange rate information through the use of online quotation system and communication with financial institutions. Based on this information, the Company is able to anticipate exchange rate changes and adjust foreign currency position accordingly.

(2) Depending on exchange rate changes, the Company shifts between domestic purchase and import purchase as a cost management practice, and in doing so secures profit margins.

(3) Most of the Company's export sales and import purchases are denominated in USD and JPY. Personnel involved in such transactions are tasked with the duty of adjusting currency positions in the foreign currency account, adopting conservative hedges, and gathering information on exchange rate changes. Currency exchanges can then be made depending on capital needs and exchange rate movements to minimize business risks.

3. Inflation

According to the analysis on national economic indicators, the Directorate-General of Budget, Accounting and Statistic, Executive Yuan, concluded that Taiwan's Consumer Price Index (CPI) increased approximately 2.95%in 2022, still within the acceptable range. However, given how the prices of oil, fuel, and organic solvent have surged globally in recent years, the Company has invested into the installation of a recycling system to recycle and reuse organic solvents, which mitigates inflationary impact on the Company.

(II) Policies on high-risk and highly leveraged investments, loans to external parties, endorsements / guarantees, and trading of derivatives; describe the main causes of profit or loss incurred and future response measures

The Company did not engage in any high-risk or highly leveraged investment in the last year up until the publication date of annual report. As for endorsements and guarantees, the Company not only conducts thorough assessment and regular tracking of such transactions, but has also established "Asset Acquisition and Disposal Procedures" and "Endorsement and Guarantee Procedures" with the approval of existing shareholders to serve as guidance.

The Company transacts derivatives for the purpose of hedging exchange rate risks associated with business activities. These transactions are carried out in accordance with "Asset Acquisition and Disposal Procedures."

(III) Future research and development plans and projected expenses

1. Future R&D plans

Future technologies and R&D efforts will be directed toward capturing markets that offer higher added value, and diversifying products and services for broader market reach. Below is a description of future R&D efforts:

1. Water-based weatherproof color sheet/film
2. Water-based hot-melt adhesive film
3. Hydrophilic graphene film
4. Water-based glue
5. High-rebound casting PU material

6. Shock-absorbing casting PU fill material
7. Water-based transfer PU resin
8. Biomass polyurethane reactive adhesives
9. High-rebound TPU foam
10. Medium-rebound TPU foam
11. High R-PET TPU pellet
12. E-TPU material

2. Expected R&D expenses

R&D expenses are included in annual budgets. The Company spent a total of NT$27,402,000 on R&D in 2022. As revenue grows,the Company will recruit additional R&D personnel and procure related equipment to support research projects in the future.

(IV) Financial impacts and response measures in the event of changes in local and foreign regulations

The Company encountered no change in local or foreign policy/regulation that affected its financial or business performance in the last year. The Company pays constant attention to changes in local and foreign policies and regulations, and conducts impact assessments and makes response plans where appropriate. The Company would also engage external legal consultants to inquire and handle legal issues if necessary.

(V) Financial impacts and response measures in the event of technological or industrial changes (including cybersecurity risks)

The Company has a talented R&D team, top-notch research facilities, and the flexibility to adjust production procedures. By participating in international exhibitions and through engagement with customers and suppliers, the Company is able to gather business intelligence and technological changes for timely adjustment and response. For these reasons, the Company encountered no change in technology that adversely affected its financial or business performance in the last year and up until the publication date of annual report.

(VI) Crisis management, impacts, and response measures in the event of a change in corporate image

The Company has always served its customers and shareholders in a pragmatic, consistent, and responsible manner, and encouraged employees to engage in charity activities since it was first founded. All members of the organization are committed to maintaining corporate image, which is why the Company encountered no crisis from change of corporate image in the last year up until the publication date of annual report.

(VII) Expected benefits, risks, and response measures in relation to mergers and acquisitions

The Company did not engage in any merger or acquisition in the last year up until the publication date of annual report.

(VIII) Expected benefits, risks, and response measures associated with plant expansions

The Company has created a production line for water-based resins as a response to the public's rising awareness toward environmental protection and green products. Considering how new production line and plant may increase operating costs, the Company will continue monitoring market changes and work closely with customers to adjust its expansion plan, and thereby reduce and avoid risks.

(IX) Risks and response measures associated with concentrated sales or purchases

The Company uses aniline, photoinitiator, o-chloroaniline, polyether polyol, solvent, and polyol as key raw materials. The petrochemical industry has matured to the point where there is a vast number of homogeneous and substitutable suppliers all capable of delivering high-quality supplies in a timely manner. For this reason, changes in suppliers' ranking are mainly attributed to changes in the unit price of purchase.

The Company did not encounter any supply disruption or shortage and has maintained high quality and consistency of coated/laminated fabrics, synthetic resins and special chemicals produced during the past three years and in the year of application. The largest supplier represented 7%, 7.45%, 7.45%, 6.0%, and 5.96% and 7.62% of total purchase from 2018 to 2022, respectively. There was no concentration of suppliers as such. Furthermore, petrochemical is a mature industry with numerous and highly substitutable suppliers for raw materials. Supply shortage is not an issue and there is no risk of supply concentration.

The Company’s main products are PU resins, curing agents, breathable and waterproof coatings and special chemicals sold to chemical manufacturers, breathable and waterproof fabric processing plants, traders and distributors. Sales in the last three years were made to a highly diverse group of customers, and no single customer accounted for 20% of revenues or higher in any year. Hence, the Company should have no sales concentration risk.

(X) Impacts, risks, and response measures following a major transfer of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest: None.

(XI) Impacts, risks, and response measures associated with a change of management: None.

(XII) Major litigations, non-contentious cases, or administrative litigations involving directors, President, person-in-charge, any shareholder with more than 10% ownership interest, or any subsidiary of the Company, whether concluded or pending judgment, which may pose significant impact on shareholders' interest or security price: None.

(XIII) Other significant risks and response measures:

Cybersecurity risks: Please see pages 107-108 for details on cybersecurity management.

VII. Other material issues

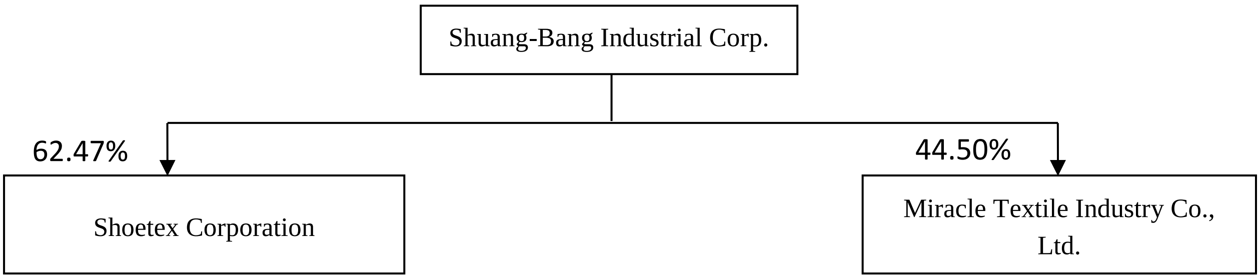
None

Eight. Special Remarks

I. Summary of affiliated companies

(I) Overview of affiliated enterprises

1. Affiliated enterprises chart (December 31, 2022)



2. Controlling and controlled entities, as defined in Article 369-3 of The Company Act: None.
3. Subordinate entities that have personnel, financial, or business decisions directly or indirectly controlled by the Company, as defined in Paragraph 2, Article 369-2 of The Company Act: None.

(II) Profile of affiliated enterprises

Unit: NTD thousands

Date: December 31, 2022

Name of affiliated enterprise	Relationship with the Company Relationship	Held by the Company		Amount invested	Number/percentage of shareholding in the Company
		No. of shares	Percentage		
Miracle Textile Industry Co., Ltd.	Subsidiary	2,225,000 shares	44.50%	22,517	None
Shoetex Corporation	Subsidiary	5,460,000 shares	62.47%	54,600	None

(III) Common shareholders in controlling and controlled companies: None.

(IV) Businesses activities covered by affiliated enterprises: Manufacturing and investment.

(V) Directors, supervisors, and President of affiliated companies

Date: April 30, 2023

Name of entity	Title	Name or name of representative	Current shareholding	
			No. of shares	Shareholding percentage (%)
Miracle Textile Industry Co., Ltd.	Director (Representative)	Representative of Shuang-Bang Industrial Corp.: Chung-Tang Chang, Yu-Chuan Hsu, and Ke Jianzhong	2,224,988	44.50
	Director	Te-Shuang Chan	739,353	14.79

	Director	Wen-Chih Chen	883,503	17.67
	Supervisor	Min-Chu Lin	—	—
Shoetex Corporation	Director (Representative)	Representative of Shuang-Bang Industrial Corp.: Chung-Tang Chang, Ah-Ming Chen, and Min-Chu Lin	8,264,942	68.87
	Director	Hung-Jung Wang	700,000	5.83
	Director	BI-QIN JIANG,	390,000	3.25
	Supervisor	Yu-Chuan Hsu	—	—

(VI) Financial position and business performance of affiliated enterprises

Unit: NTD thousands, except EPS which is in NTD; USD
Date: December 31, 2022

Name of entity	Capital	Total assets	Total liabilities	Net worth	Operating revenues	Current net income/loss (after tax)	Earnings per share
Miracle Textile Industry Co., Ltd.	50,000	86,446	38,418	48,028	144,556	(4,142)	—
Shoetex Corporation	87,400	104,289	52,964	51,325	118,729	(12,515)	—

(VII) Consolidated financial statements of affiliated companies:

The entities required to be included in the Company’s consolidated financial statements of the affiliated enterprises for 2022 under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements of the parent and subsidiaries according to the International Financial Reporting Standard No. 27 endorsed by the Financial Supervisory Commission. In addition, the information required to be disclosed in the consolidated financial statements of the affiliated enterprises has been disclosed in the aforesaid consolidated financial statements of the parent and subsidiaries. Hence, consolidated financial statements of the affiliated enterprises are not prepared separately. Please refer to the Appendix for detailed disclosure of consolidated financial statements.

II. Private placement of securities in the last year up until the publication date of annual report:

None.

III. Holding or disposal of the Company's shares by subsidiaries in the last financial year, up until the publication date of annual report:

None.

IV. Other supplementary information

The Company has made the commitment to undergo corporate governance evaluation at least once every two years after listing on TPEX, and to report the outcome of evaluation in the latest shareholder meeting. Furthermore, any subsequent amendments to the internal control or internal audit system will have to be made in line with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."

The Company passed and obtained Certificate of Corporate Governance System CG6008 General Assessment based on the assessment outcome for financial year 2012. All future amendments to the internal control or internal audit system will be made in line with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."

V. Occurrences significant to shareholders' equity or security price, as defined in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, in the last year up until the publication date of annual report

None.

Appendix

Stock Code:6506

Shuang-Bang Industrial Corporation
and Subsidiaries
Consolidated Financial Statements
With Independent Auditors' Report
For the Years Ended December, 2022 and 2021

Table of contents

REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of Shuang-Bang Corporation as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Shuang-Bang Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Company name: Shuang-Bang Corporation
Chairman: Chang, Chung-Tang
Date: March 17, 2023

Independent Auditors' Report

To the Board of Directors of Shuang-Bang Industrial Corporation:

Opinion

We have audited the consolidated financial statements of Shuang-Bang Industrial Corporation and its subsidiaries("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of accounting policies

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") and the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are the further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Shuang-Bang Industrial Corporation in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

Key audit matter for the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

<u>Allowance for losses on Accounts Receivable</u>

The management's judgment on the recognition of allowance for losses on accounts receivable is based on the evaluation of both internal and external information, as such, it was one of the key audit matters for our audit. Therefore, our principal audit procedures included testing the effectiveness of controls related to accounts receivable, obtaining the ledgers and records, selecting samples for obtaining confirmation letters; obtaining aging analysis of accounts receivable and verifying the accuracy of relevant documents and the aging intervals, reviewing the provision for bad debts on the ledger to ensure that it is provided based on the loss rate, and evaluating whether management's recognition of impairment losses on accounts receivable is correct.

Please refer to Note 4 “Summary of significant accounting policies－Accounts receivables”, Note 6(3) in notes to consolidated financial statements.

Valuation of inventories

Inventories are stated at the lower of cost and net realizable value. However, the rapid evolution of technology and the fluctuation of market may lead to obsolescence and render products unmarketable. As inventory must be measured at the lower of cost and net realizable value, management must assess the amount of inventory on the balance sheet date that is impaired due to normal wear and tear, obsolescence or lack of market sales value, and write down the inventory costs to net realizable value. The inventory valuation is mainly based on past experience and estimated future product demand. Therefore, the auditor pays particular attention to whether the company complies with International Accounting Standards 2 (IAS2) in measuring inventory at the lower of cost and net realizable value and whether management's provision for inventory write-downs is reasonable.

The audit procedures performed by the auditor include:

1. Testing the age of inventory on the balance sheet date, and comparing the provision for inventory obsolescence with the previous year, analyzing the reasons for differences, and checking the relevant data used to calculate the provision for inventory write-downs, and comparing the historical provision with the actual offsetting differences.

2. On a sample basis, comparing the latest actual selling price of inventory at the end of the period with its book value to ensure whether the inventory has been evaluated at the lower of cost and net realizable value.

3. Comparing the ending inventory balance on the end of the year with the inventory details for the current year to verify the existence and completeness of inventory in the end of the year. By observing annual physical counts of goods, the auditors assess the reasonableness of the amount of allowance for inventory write-down.

Please refer to Note 4 “Summary of significant accounting policies－Inventories”, Note 6(4) in notes to the consolidated financial statements.

Other Matter

Shuang-Bang Corporation has additionally prepared its parent-company-only financial statements as of the year ended December 31, 2022 and 2021, on which we have issued an unqualified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the directions, supervision and performance of the group audit.

We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Jim Chen Ko and Tzu Yang Wang.

Weyong International CPAs&Co.

Taichung, Taiwan (Republic of China)
March 17, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Balance Sheets
(In thousands of New Taiwan Dollars)
December 31, 2022 and 2021

Codes	Assets	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current Assets					
1100	Cash and cash equivalents	6(1)	$ 134,236	5.44	$ 105,980	4.12
1137	Financial assets at amortized cost -current	6(2)	1,200	0.05	1,228	0.05
1150	Notes receivables, net	6(3)	92,441	3.74	104,873	4.07
1152	Other notes receivables	6(3)	35	-	465	0.02
1160	Notes receivables from related parties, net	6(3), 7	37	-	741	0.03
1170	Accounts receivables, net	6(3)	351,942	14.26	340,008	13.20
1180	Accounts receivables from related parties, net	6(3), 7	13,634	0.55	28,120	1.09
1200	Other receivables		632	0.03	340	0.01
1210	Other receivables from related parties	7	130	0.01	82	-
130X	Inventory	6(4)	333,091	13.49	373,994	14.52
1460	Noncurrent assets held for sale, net	6(5)	-	-	271,316	10.54
1470	Other current assets		24,665	1.00	19,818	0.77
11XX	**Total current assets**		952,043	38.57	1,246,965	48.42
	Noncurrent Assets					
1510	Financial assets at fair value through profit or loss -non-current	6(6)	39,169	1.59	49,869	1.94
1517	Financial assets at fair value through other comprehensive income -non-current	6(7)	-	-	-	-
1600	Property, plant and equipment	6(8)	1,289,301	52.23	1,162,166	45.13
1755	Right-of-use assets	6(9)	24,887	1.01	29,819	1.16
1780	Intangible assets	6(10)	6,390	0.26	6,303	0.24
1840	Deferred income tax assets	6(23)3	35,076	1.42	31,884	1.24
1900	Other noncurrent assets	6(11), 7	121,474	4.92	48,203	1.87
15XX	**Total noncurrent assets**		1,516,297	61.43	1,328,244	51.58
1XXX	**Total assets**		$ 2,468,340	100.00	$ 2,575,209	100.00

(Continued)

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Balance Sheets
(In thousands of New Taiwan Dollars)
December 31, 2022 and 2021

Codes	Liabilities and Equity	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2100	Short-term loans	6(12)	$ 118,576	4.80	$ 234,275	9.10
2151	Notes payables	6(13)	4,291	0.17	23,149	0.90
2152	Other notes payables	6(13)	48,259	1.96	4,175	0.16
2170	Accounts payables	6(13)	180,100	7.30	209,292	8.13
2200	Other accounts payables	6(14)	146,389	5.93	124,878	4.85
2230	Income tax payables		25,466	1.03	20,723	0.80
2250	Provision for warranty obligations-current	6(15)	12,444	0.50	10,133	0.39
2281	Lease liabilities from third parties	6(9)	10,306	0.42	9,628	0.37
2282	Lease liabilities from related parties	6(9), 7	-	-	1,094	0.04
2300	Other current liabilities	6(16)	11,916	0.48	58,865	2.29
2322	Current portion of long-term loans payable	6(17)	71,476	2.90	117,940	4.58
21XX	**Total current liabilities**		629,223	25.49	814,152	31.61
	Noncurrent liabilities					
2540	Long-term loans	6(17)	425,753	17.25	430,586	16.72
2570	Deferred income tax payable	6(23)3	4,465	0.18	4,824	0.20
2581	Lease liabilities from third parties -non current	6(9)	14,877	0.60	19,346	0.75
2630	Long-term deferred revenue		1,875	0.08	2,557	0.10
2640	Net defined benefit liability -non current	6(19)	19,459	0.79	32,780	1.27
2645	Guarantee deposits		853	0.03	558	0.02
25XX	**Total noncurrent liabilities**		467,282	18.93	490,651	19.06
2XXX	**Total liabilities**		1,096,505	44.42	1,304,803	50.67
	Equity Attributable to Shareholders Of The Parent					
3100	Capital Stock	6(20)1				
3110	Common stock		823,608	33.37	823,608	31.98
3200	Capital surplus	6(20)2	10,552	0.43	51,718	2.01
3300	Retained earnings					
3310	Appropriated as legal capital reserve		141,662	5.74	134,181	5.21
3320	Appropriated as special capital reserve		4,369	0.18	1,663	0.06
3350	Unappropriated earnings	6(20)3	345,726	14.00	205,141	7.97
3400	Others		-	-	(4,369)	(0.17)
31XX	**Equity attributable to shareholders of the parent**		1,325,917	53.72	1,211,942	47.06
36XX	**Non-Controlling Interests**		45,918	1.86	58,464	2.27
3XXX	**Total equity**		1,371,835	55.58	1,270,406	49.33
	Total liabilities and equity		$ 2,468,340	100.00	$ 2,575,209	100.00

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

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(In thousands of New Taiwan Dollars, except for earnings per share)

			2022		2021	
Codes	Items	Notes	Amount	%	Amount	%
4000	**Operating revenues**	6(21), 7	$ 2,186,641	100.00	$ 2,013,489	100.00
5000	**Cost of revenues**	7	(1,879,287)	(85.94)	(1,736,266)	(86.23)
5900	**Gross profit**		307,354	14.06	277,223	13.77
	Operating expenses					
6100	Sales and marketing		(92,761)	(4.24)	(84,441)	(4.19)
6200	General and administrative		(108,517)	(4.96)	(74,391)	(3.70)
6300	Research and development		(27,402)	(1.25)	(31,059)	(1.54)
6450	Expected credit gain(loss)		2,328	0.10	(2,769)	(0.14)
6000	**Total operating expenses**		(226,352)	(10.35)	(192,660)	(9.57)
6900	Operating income		81,002	3.71	84,563	4.20
	Non-operating income and expenses					
7010	Other income	6(22)1, 7	8,440	0.38	19,300	0.96
7020	Other gains and loss	6(22)2	189,958	8.69	(3,417)	(0.17)
7050	Finance costs	6(22)4, 7	(7,609)	(0.35)	(9,481)	(0.47)
7100	Interest income		383	0.02	41	-
7000	**Total non-operating income and expenses**		191,172	8.74	6,443	0.32
7900	**Income before tax**		272,174	12.45	91,006	4.52
7950	**Less: Income tax expense**	6(23)1	(15,431)	(0.71)	(15,050)	(0.75)
8200	**Net income**	6(22)	256,743	11.74	75,956	3.77
	Other comprehensive income (loss）					
8310	**Items that will not be reclassified subsequently to profit or loss:**					
8311	Remeasurement of defined benefit obligation	6(19)2, (5)	13,217	0.60	(2,553)	(0.13)
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	6(7)	-	-	6,536	0.32
8349	Income tax related to items that will not be reclassified subsequently	6(23)2	(2,643)	(0.12)	511	0.03
8360	**Items that may be reclassified subsequently to profit or loss:**					
8361	Exchange differences arising on translation of foreign operations		4,369	0.20	(1,038)	(0.05)
8399	Income tax related to items that may be reclassified subsequently	6(23)2	-	-	-	-
8300	**Other comprehensive income (loss), net**		14,943	0.68	3,456	0.17
8500	**Total comprehensive income**		$ 271,686	12.42	$ 79,412	3.94
8600	**Net income attribute to:**					
8610	Shareholders of the parent		$ 263,739	12.06	$ 68,652	3.41
8620	Non-controlling interests		$ (6,996)	(0.32)	$ 7,304	0.36
8700	**Total comprehensive income attribute to:**					
8710	Shareholders of the parent		$ 278,682	12.74	$ 72,108	3.58
8720	Non-controlling interests		$ (6,996)	(0.32)	$ 7,304	0.36
	Earnings per share	6(26)				
9750	**Basic earnings per share**		$ 3.20		$ 0.83	
9850	**Diluted earnings per share**		$ 3.16		$ 0.83	

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

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(In thousands of New Taiwan Dollars)

		Equity attribute to the shareholders of the parent company											
				Retained earnings				Total other equity interest					
Item	Codes	Capital Stock-Common stock 3110	Capital Surplus 3200	Legal reserve 3310	Special Reserve 3320	Unappropriated retained earnings 3350	Total 3300	Exchange differences on translation of foreign financial statements 3410	Unrealized gains(loss) on financial assets measured at fair value through other comprehensive income 3420	Total 3400	Subtotal of equity attributable to the shareholders of the parent 31XX	Non-controlling interests 36XX	Total equity 3XXX
Balance on January 1, 2021	A1	$ 823,608	$ 51,669	$ 128,264	$ -	$ 203,796	$ 332,060	$ (3,331)	$ 1,668	$ (1,663)	$ 1,205,674	$ 51,160	$ 1,256,834
Appropriations of earnings of legal reserve	B1	-	-	5,917	-	(5,917)	-	-	-	-	-	-	-
Appropriations of earnings of special reserve	B3	-	-	-	1,663	(1,663)	-	-	-	-	-	-	-
Cash dividends	B5	-	-	-	-	(65,889)	(65,889)	-	-	-	(65,889)	-	(65,889)
Changes in capital surplus	C17	-	49	-	-	-	-	-	-	-	49	-	49
Net income for the year	D1	-	-	-	-	68,652	68,652	-	-	-	68,652	7,304	75,956
Other comprehensive income(loss) for the year	D3	-	-	-	-	(2,042)	(2,042)	(1,038)	6,536	5,498	3,456	-	3,456
Total comprehensive income(loss)	D5	-	-	-	-	66,610	66,610	(1,038)	6,536	5,498	72,108	7,304	79,412
Disposal of investments in equity instruments designated at fair value through other comprehensive income	Q1	-	-	-	-	8,204	8,204	-	(8,204)	(8,204)	-	-	-
Balance on December 31, 2021	Z1	823,608	51,718	134,181	1,663	205,141	340,985	(4,369)	-	(4,369)	1,211,942	58464	1,270,406
Appropriations of earnings of legal reserve	B1	-	-	7,481	-	(7,481)	-	-	-	-	-	-	-
Appropriations of earnings of special reserve	B3	-	-	-	2,706	(2,706)	-	-	-	-	-	-	-
Cash dividends	B5	-	-	-	-	(123,541)	(123,541)	-	-	-	(123,541)	-	(123,541)
Cash distributed from capital surplus	C15	-	(41,180)	-	-	-	-	-	-	-	(41,180)	-	(41,180)
Changes in capital surplus	C17	-	14	-	-	-	-	-	-	-	14	-	14
Net income for the year	D1	-	-	-	-	263,739	263,739	-	-	-	263,739	(6,996)	256,743
Other comprehensive income(loss) for the year	D3	-	-	-	-	10,574	10,574	4,369	-	4,369	14,943	-	14,943
Total comprehensive income(loss)	D5	-	-	-	-	274,313	274,313	4,369	-	4,369	278,682	(6,996)	271,686
Cash dividends received by subsidiaries from the parent company	O1	-	-	-	-	-	-	-	-	-	-	(5,550)	(5,550)
Balance on December 31, 2022	Z1	$ 823,608	$ 10,552	$ 141,662	$ 4,369	$ 345,726	$ 491,757	$ -	$	$	$ 1,325,917	$ 45,918	$ 1,371,835

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

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(In thousands of New Taiwan Dollars)

Codes	Items	2022	2021
AAAA	**Cash flows from operating activities**		
A10000	**Income before income tax**	$ 272,174	$ 91,006
A20000	**Adjustments for:**		
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	91,300	98,068
A20200	Amortization expenses	3,815	4,087
A20300	Expected credit (reversed gain) loss	(2,328)	2,769
A20400	Net loss(profit) on financial assets at fair value through profit or loss	18,077	(6,051)
A20900	Interest expense	7,430	9,288
A21200	Interest income	(383)	(41)
A21300	Dividend income	-	(257)
A22500	Loss (gain) on disposal or retirement of property, plant and equipment	(190,054)	10,550
A23700	Reversal of impairment loss recognized in profit or loss, non-financial assets	(476)	(689)
A24100	Unrealized loss(gain) on foreign exchange	2,611	(117)
A29900	Others(government grants)	(682)	(682)
A20010	**Total adjustments to reconcile profit(loss)**	(70,690)	116,925
A30000	Changes in operating assets and liabilities:		
A31000	Changes in operating assets		
A31130	Decrease (Increase) in notes receivable	13,136	(47,460)
A31150	Decrease (Increase) in accounts receivable	2,742	(112,834)
A31180	Increase in other receivables	(340)	(84)
A31200	Decrease (Increase) in inventories	40,903	(109,254)
A31240	Increase in other current assets	(4,847)	(10,261)
A31990	Decrease (Increase) in other operating assets	430	(2,061)
A31000	**Total changes in operating assets**	52,024	(281,954)
A32000	Changes in operating liabilities		
A32130	Decrease (Increase) in notes payable	(18,858)	6,472
A32150	Decrease (Increase) in accounts payable	(28,626)	77,502
A32180	Increase in other payables	26,457	25,758
A32200	Increase in provisions	2,273	31
A32230	Decrease (Increase) in other current liabilities	(46,968)	54,657
A32240	Decrease in net defined benefit liability	(104)	(115)
A32000	**Total changes in operating liabilities**	(65,826)	164,305
A30000	**Total changes in operating assets and liabilities**	(13,802)	(117,649)
A20000	**Total adjustments**	(84,492)	(724)
A33000	Cash flow generated from operations	187,682	90,282
A33100	Interest received	383	41
A33300	Interest paid	(10,148)	(9,809)
A33500	Income tax paid	(16,882)	(10,312)
AAAA	**Net cash flows generated by operating activities**	161,035	70,202

(Continued)

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(In thousands of New Taiwan Dollars)

BBBB	**Cash flows from investing activities**		
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	-	12,155
B00030	Proceeds from capital return of financial assets at fair value through other comprehensive income	-	882
B00050	Proceeds from disposal of financial assets at amortized costs	28	-
B00100	Acquisition of financial assets at fair value through profit or loss	(2,854)	-
B02700	Acquisition of property, plant and equipment	(117,566)	(62,301)
B02800	Proceeds from disposal of property, plant and equipment	462,002	827
B03700	Increase in refundable deposits	(2,100)	-
B03800	Decrease in refundable deposits	-	1,128
B04500	Acquisition of intangible assets	(828)	(715)
B06800	Decrease in other noncurrent assets	-	303
B07100	Increase in prepayments for business facilities	(120,916)	(27,546)
B07600	Dividends received	-	257
BBBB	**Net cash generated by (used in) investing activities.**	217,766	(75,010)
CCCC	**Cash flows from financing activities**		
C00100	Increase in short-term loans	626,098	713,303
C00200	Decrease in short-term loans	(741,805)	(535,396)
C01600	Proceeds from long-term bank loans	80,000	6,000
C01700	Repayment of long-term bank loans	(131,297)	(122,906)
C03000	Increase in guaranteed deposits received	295	448
C04020	Repayment of the principal portion of lease liabilities	(12,453)	(12,296)
C04500	Cash dividends	(170,271)	(65,889)
C09900	Others	14	49
CCCC	**Net cash used in financing activities**	(349,419)	(16,687)
DDDD	**Effect of exchange rate changes on cash and cash equivalents**	(1,126)	(170)
EEEE	**Net increase(decrease) in cash and cash equivalents**	28,256	(21,665)
E00100	Cash and cash equivalents, beginning of the year	105,980	127,645
E00200	Cash and cash equivalents, end of the year	$ 134,236	$ 105,980
E00210	Cash and cash equivalents on consolidated balance sheets	$ 134,236	$ 105,980

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

Shuang Bang Industrial Corporation and Subsidiaries
Notes to Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Company History

Shuang Bang Industrial Corporation (the Company) was incorporated on November 17, 1989. The Company is mainly engaged in manufacturing of PU resin for shoes, coating and lamination, hardener, and Thermoplastic Polyurethane (TPU) as well as the sales of photoinitiators. The Company's stock has been listed on the Taipei Exchange (TPEx) since May 3, 2011. The registered address main operational base of the Company are located at No. 3, Yongxing Road, Nantou City, Nantou County.
The principal operating activities of the Group and its subsidiaries (herein after referring to as the "Group") are described in Note 14.
The consolidated financial statements are presented in the functional currency of the Group, which is New Taiwan Dollars.

2. Approval date and procedures of the financial statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 17, 2023.

3. New standards, amendments and interpretations adopted

(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, "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 did not have a significant impact on the accounting policies of Shuang Bang Industrial Corporation and its subsidiaries (collectively as the "Group").

(2) The IFRS issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023(Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023(Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023(Note 3)

- Note1: The amendments will be applied for annual reporting periods beginning on or after January 1, 2023.
- Note2: The amendments will applicable to changes in accounting estimates and accounting policies that occur on or on or after January 1, 2023.
- Note3: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will apply to transactions that occur on or after January 1, 2022.

As of the date the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	**Effective Date Issued by IASB**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases liability measurement in sale and leaseback"	January 1, 2024(Note 2)
IFRS 17 "Insurance Contrascts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17-Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

- Note1: Unless stated otherwise, the above New IFRSs will be effective for annual reporting periods beginning on or after their respective effective dates.

- Note2: The seller and lessee shall apply the amendments of IFRS 16 retroactively to the sale and leaseback transactions signed after the date of initial application of IFRS 16.

As of the date the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Group completes its evaluation.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in the Republic of China, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as "IFRS endorsed by the FSC").

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss 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 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:

A. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

B. Level 2 fair value measurements are those derived from 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); and

C. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The consolidated financial statements incorporate the financial statements of Group and entities controlled by the Group (its subsidiaries). The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the noncontrolling interests even if this results in the noncontrolling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted or as equity transactions. The carrying amounts of the Group’s interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity ad attributed to shareholders of the parent.

B. List of subsidiaries in the consolidated financial statements

The detail information of the subsidiaries at the end of reporting period was as follows:

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership December 31, 2022	Percentage of Ownership December 31, 2021
Shuang Bang Corporation	Shuang Bang Industrial Corp. (BVI)	Investment activities	-	100
Shuang Bang Corporation	Miracle textile industry Co., Ltd.	Manufacturing of coatings	44.50	44.50
Shuang Bang Corporation	Shoetex Corporation	Manufacturing of finished shoes	62.47	62.47

For the purposes of decreasing operating costs and improving performance and competitiveness, Shuang Bang Industrial Corp. (BVI) was merged by the Group by approval of board of directors on November 10, 2022, and had registered in Ministry of Economic Affairs on February 23, 2023. The effective date of the merger was settled on November 30, 2022. The Group is the surviving entity and Shuang Bang Industrial Corp. (BVI) is dissolved company.

Miracle textile industry Co., Ltd. increased its authorized share capital by cash by approval of its board of directors on January 10, 2017. The effective date was January 17, 2017, and had registered in Ministry of Economic Affairs on February 3, 2017. The company did not exercise its pre-emptive rights in accordance with its shareholding percentage, resulting in a decrease in its shareholding percentage from 55.92% to 44.50%. However, this does not affect the company's directorship position in the said company, and therefore the company still maintains effective control.

Shoetex Corporation increased its authorized share capital by approval of board of directors on April 7, 2020. The effective date was April 24, 2020 and had registered in Ministry of Economic Affairs on May 12, 2020. Due to non-proportional investment in an investee's capital increase, the percentage of the ownership decreased from 60% to 62.47%.

For the year ended in 2022 and 2021, there is no material limitation on the acquisition or use of assets and capacity for debt repayment for the Group.

C. Subsidiaries with non-controlling interests that are material to the consolidated company were as follows:

Name of subsidiary	Ownership (%)	Non-controlling interest December 31, 2022	Non-controlling interest December 31, 2021
Miracle textile industry Co. Ltd.	55.50	$ 26,656	$ 34,505
Shoetex Corporation	37.53	19,262	23,959
		$ 45,918	$ 58,464

Name of subsidiary	Ownership (%)	Profit (Loss) Allocated to Non-controlling Interests For the year ended December 31, 2022	Profit (Loss) Allocated to Non-controlling Interests For the year ended December 31, 2021
Miracle textile industry Co. Ltd.	55.50	$ (2,299)	$ 6,532
Shoetex Corporation	37.53	(4,697)	772
		$ (6,996)	$ 7,304

(A) For the main business and products, location, and registration information of the above subsidiaries, refer to Table 4 in Note 13.

(B) The financial information was summarized as follows:

a. Balance sheets

	Miracle textile industry Co. Ltd. December 31, 2022	Miracle textile industry Co. Ltd. December 31, 2021
Current assets	$ 51,964	$ 82,383
Non-current assets	34,482	40,603
Current liabilities	(28,246)	(46,757)
Non-current liabilities	(10,172)	(14,058)
Equity	$ 48,028	$ 62,171
Equity attributable to shareholders of the parent	$ 21,372	$ 27,666
Equity attributable to non-controlling interests	$ 26,656	$ 34,505

	Shoetex Corporation December 31, 2022	Shoetex Corporation December 31, 2021
Current assets	$ 77,534	$ 91,950
Non-current assets	26,755	30,193
Current liabilities	(43,611)	(43,131)
Non-current liabilities	(9,353)	(15,172)
Equity	$ 51,325	$ 63,840
Equity attributable to shareholders of the parent	$ 32,063	$ 39,881
Equity attributable to non-controlling interests	$ 19,262	$ 23,959

b. Comprehensive income statements

	Miracle textile industry Co. Ltd.	
	2022	2021
Operating revenue	$ 144,556	$ 198,738
Net income (loss)	$ (4,142)	$ 11,769
Other comprehensive income (loss), after tax	-	-
Total comprehensive income (loss)	$ (4,142)	$ 11,769
Net income (loss) attributable to shareholders of the parent	$ (1,843)	$ 5,237
Net income (loss) attributable to non-controlling interests	$ (2,299)	$ 6,532
Total comprehensive income (loss) attributable to owners of parent	$ (1,843)	$ 5,237
Total comprehensive income (loss) attributable to non-controlling interests	$ (2,299)	$ 6,532
Dividends paid to non-controlling interests	$ (5,550)	$ -

	Shoetex Corporation	
	2022	2021
Operating revenue	$ 118,729	$ 175,741
Net income (loss)	$ (12,515)	$ 2,059
Other comprehensive income (loss), after tax	-	-
Total comprehensive income (loss)	$ (12,515)	$ 2,059
Net income (loss) attributable to owners of parent	$ (7,818)	$ 1,287
Net income (loss) attributable to non-controlling interests	$ (4,697)	$ 772
Total comprehensive income (loss) attributable to owners of parent	$ (7,818)	$ 1,287
Total comprehensive income (loss) attributable to non-controlling interests	$ (4,697)	$ 772
Dividends paid to non-controlling interests	$ -	$ -

C. Cash flows statements

	Miracle textile industry Co. Ltd.	
	2022	2021
Cash flows from operating activities	$ 10,845	$ 21,324
Cash flows used in investing activities	(671)	(283)
Cash flows used in financing activities	(14,469)	(24,712)
Net decrease in cash and cash equivalents	(4,295)	(3,671)
Cash and cash equivalents, beginning of the year	30,309	33,980
Cash and cash equivalents, end of the year	$ 26,014	$ 30,309

	Shoetex Corporation	
	2022	2021
Cash flows from operating activities	$ 4,386	$ 16,973
Cash flows used in investing activities	(511)	(2,598)
Cash flows used in financing activities	(6,665)	(8,130)
Net decrease in cash and cash equivalents	(2,790)	6,245
Cash and cash equivalents, beginning of the year	35,074	28,829
Cash and cash equivalents, end of the year	$ 32,284	$ 35,074

(4) Foreign currencies

A. The financial statements of each individual consolidated entity

The financial statements of each individual consolidated entity were expressed in the currency which reflected its primary economic environment (functional currency). In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity’s functional currency (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. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

All exchange differences arising on the settlement of monetary items, on translating monetary items or on translating previous financial statements are taken to profit or loss in the period in which they are arising.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

B. Consolidated financial statements

In preparing the consolidated financial statements, the financial performance and financial positions of each consolidated entity are translated into New Taiwan Dollars (NTD). The assets and liabilities of the Group's foreign operations are translated into NTD using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

C. Foreign operations

For monetary items that make up a part of the reporting entity's net investments in foreign operation, exchange difference is recognized as other comprehensive income at initiation, and subsequently reclassified from equity into profit or loss upon disposal of net investments.

On the disposal of a foreign operation (including subsidiaries of foreign operations, associates, joint ventures, loss of controls, joint controls, or significant influence over the entities), the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the non-controlling interests shall be derecognized but shall not be reclassified to profit or loss. On the partial disposal of a subsidiary that includes a foreign operation, the Group shall re-attribute the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income to the non-controlling interests in that foreign operation. In any other partial disposal of a foreign operation that does not result in a loss of control, the Group shall reclassify to profit or loss only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

A. It is expected to be realized within twelve months after the reporting period;

B. It is held primarily for the purpose of trading; or

C. The asset is cash or cash equivalent, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than twelve months after the balance sheet date.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

A. It is due to settled within twelve months after the reporting period;

B. It is held primarily for the purpose of trading; or

C. The Group does not have unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash in bank, and time deposits with maturities of less than three months. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(7) Inventory

Inventories comprise raw materials, materials, finished goods, semi-finished goods, work in progress and products. Inventories are stated at the lower of cost and net realizable value, which represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The cost of inventories is based on weighted-average costing. Fixed production overheads are those indirect costs of production that remain relatively constant regardless of the volume of production. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. When actual production exceeds normal operating capacity, fixed overheads should be amortized by the actual operating capacity. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

(8) Non-current assets held for sale

Non-current assets that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Noncurrent assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation would cease.

(9) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Original costs shall include the purchase price, any costs incurred directly attributable to bringing the asset to the site and working condition for its intended use and borrowing costs eligible for capitalization under IAS 23 requirements. If eligible for recovering, estimated cost of dismantling and removing the asset and restoring the site in the future shall be included into the original costs.

The carrying amount of an item of property, plant, and equipment will include the cost of replacing the part of such an item when the cost is incurred if the recognition criteria (future benefits and measurement reliability) are met. The carrying amount of those parts that are replaced shall be derecognized. Repairs and maintenance costs are expensed through profit and loss.

Depreciation shall be recognized when the assets are available for their intended use and so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method mainly over the estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(10) Leases

A. Identify a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To access whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

(b) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

(c) the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
- the relevant decisions about how and for what purpose the asset is used are predetermined and:
  - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
  - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

When the lease is established or the contract is reassessed whether consists of lease, the Group allocates the consideration in the contract to individual lease components on the basis of respective individual prices.

B. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the consolidated company periodically assesses whether there is impairment of the right-of-use assets and recognizes any impairment losses that have occurred. If the lease liabilities are remeasured, the right-of-use assets are adjusted accordingly.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group' s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments, including in-substance fixed payments;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(d) there is a change of its assessment on whether it will exercise an extension or termination option; or

(e) there are any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office and transportation equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

C. As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Asset under financing lease is recognized on a net basis as lease receivable. Initial direct costs incurred in negotiating and arranging an operating lease is added to the net investment in the leased asset. Interest income is allocated to each period during the lease term in order to produce a constant periodic rate of interest on the remaining balance of the receivable. The expenditures made under an operating lease are recognized as lease revenue on a straight-line basis over the term of the lease.

(11) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis.

The estimated useful lives, residual values, and amortization methods are reviewed at the end of each year, with the effect of any changes in the estimates accounted for on a prospective basis.

(12) Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible (including property, plant and equipment) and intangible assets for any indication of 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 a corporate asset, the asset is tested for impairment in the context of the cash-generating unit (CGU) to which the asset belongs. If a portion of the carrying amount of the asset can be allocated on a reasonable and consistent basis to the CGU, the Group compares the carrying amount of the CGU, including the portion of the asset's carrying amount allocated to the CGU, with the recoverable amount of the CGU to which the asset belongs. If this reasonable and consistent basis of allocation cannot be applied to the CGU to which the asset belongs and can be applied instead to the smallest group of CGUs to which the CGU belongs, this smallest group is used for impairment testing.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 corresponding asset, cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

(13) Provision

If the consolidated company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated, a provision for the liability is recognized.

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation and reflects the present value of expenditures required to settle the obligation where the time value of money is material. Moreover, possible gains on sale of assets should be ignored measuring a provision.

(14) Employee benefits

A. Short-term employee benefits

The undiscounted amount of the benefits expected to be paid and recognized as an expense in respect of service rendered by employees in an accounting period is recognized in that period, unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset.

B. Retirement benefits

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

For defined benefit retirement benefit plans, the cost of providing benefit is recognized based on actuarial calculations. Defined benefit costs under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost, and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets, is recognized in other comprehensive income in the period in which they occur. Net defined benefit liability represents the present value of define benefit plan less the fair value of plan assets.

(15) Financial instruments

Financial assets and liabilities shall be recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are initially recognized at fair values through profit or loss, in other comprehensive income, measured at amortized cost, notes and account receivables or other accounts receivables in accordance with IFRS 9 and the Regulations. All regular way purchases or sales of financial assets and liabilities are recognized on a settlement date basis.

Transaction costs that are directly attributable to the acquisition or issue 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.

Financial Assets

A. Category of financial assets and measurement

a. Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or fair value through other comprehensive income are measured at FVTPL, including derivative financial assets. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

b. Fair value through other comprehensive income (FVTOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The cumulative gain or loss will not be reclassified to profit or loss on the disposal of the equity investments; instead, they will be transferred to retained earnings.

Debt instrument investments that meet two of the following conditions should be recognized as FVTOCI:

(a) Holds the financial assets within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

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

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment gains or losses on investments in debt instruments at FVTOCI are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when these debt instruments are disposed.

c. Financial assets measured at amortized cost – current, meaning all of the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

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

These assets are subsequently measured at amortized cost, which is the amount measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Any gain or loss on derecognition is recognized in profit or loss.

d. Notes and accounts receivables, other receivables

Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services, other accounts receivables are not included.

Notes and accounts receivables, other receivables should be recognized at fair values originally and subsequently measured at amortized cost using effective interest method, less any impairment, except for those receivables with immaterial discounted effect.

B. Derecognition of financial assets

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

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

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

c. If the Group neither transfers nor retain substantially all the risks and rewards of ownership of the financial asset but has transferred the control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On partial derecognition of a financial asset, the relative fair value of the partial derecognized financial assets at the transfer date is used to apportion the original book value of the financial assets on a pro-rata basis, to the portion of continual recognition resulted from continual participation and of derecognition. The difference between the carrying amount apportioned to the portion of the derecognized and the sum of the consideration received or receivable from the derecognized and any cumulative gain or loss that had been recognized in other comprehensive income apportioned to the derecognized is recognized as profit or loss under non-operating income and expenses. Any cumulative gain or loss that had been recognized in other comprehensive income is apportioned to the portion of continual recognition and recognition on a pro-rata basis of their fair value or retained earnings.

C. Impairment policy

a. Notes and accounts receivables, other receivables, and contract assets

Loss allowance for notes and accounts receivables, other receivables and contract assets are always measured at an amount equal to lifetime expected credit losses. For the receivable past due over 60 days, the Group determines whether impairment exists by individually assessing customer's operating situation and debt-paying ability. For receivable past due within 60 days, including not past due, the Group measures the loss allowance with impairment occurred in receivable and contract assets for the past year along with available material information for expected losses to make reasonable assessment for impairment of receivable and contract assets. If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and recognized through profit or loss. The reversal shall not result in a carrying amount of receivables and contract assets that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

b. Other financial assets

The Group measures, at each reporting date, the loss allowance for debt instrument investments measured at fair value through other comprehensive income and financial assets measured at amortized cost by assessing reasonable and supportable information including forward-looking information. For the credit risk on a financial asset has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. For the credit risk on a financial asset has increased significantly since the initial recognition, the loss allowance is measured at an amount equal to the lifetime expected credit losses.

Financial liabilities

A. Classification and subsequent measurement

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

a. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on the subsequent measurement including interest paid are recognized in profit or loss.

b. Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

B. Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(16) Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Share-based payment arrangement

Shares for employees are expensed on a straight-line basis over the vesting period, based on the fair value at the grant date and the Group’s best estimate of the number expected to ultimately vest, with a corresponding increase in equity- share-based payment and should be recognized as expenses if employees vested on the grant date.

(18) Revenue Recognition

When applying IFRS 15, the Group shall recognize revenue by applying the following steps:

A. Identify the contract with the customer;

B. Identify the performance obligation in the contract;

C. Determine the transaction price;

D. Allocate the transaction price to the performance obligations in the contract; and

E. Recognize revenue when the entity satisfies a performance obligation.

The main contract revenue with the customer are from the sales of coating, resin, hardener, TPU and finished goods of footings, the Group recognize revenue when satisfies a performance obligation. Sales revenue is recognized based on contract price, net of sales returns, volume discounts and estimated sales discounts. Sales discounts and allowances are estimated and provided for based on customer contracts, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The Group recognize sales returns and discounts of coating, resin, hardener, TPU and finished goods of footings as a negative of the revenue and liabilities which based on estimates of feedbacks from customers, historic experience and other reasons.

For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. The period between the Group transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. For a small part of the contracts, the Group has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. For part of the contracts where consideration is claimed upon signing the contract, then the Group has the obligation to provide the goods or the services subsequently and contract liabilities should be recognized. the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet the criteria, which is the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and the costs are expected to be recovered, the Group recognizes these as revenue and expenses when incurred.

Interest income

The interest income generated from the financial assets measured at amortized cost, FVTPL and FVOCI using effective interest method and should be recognized as profit or loss.

Dividend income

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

(19) Taxation

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

A. Current tax

Current tax is the amount of income taxes payable (recoverable)in respect of the taxable profit (tax loss) for a period. Current tax for current and prior periods is, to the extent that it is unpaid, recognized as a liability, and as an asset to the extent that the amounts already paid exceed the amount due. Current tax assets and liabilities are measured at the amount expected to be paid to (recovered from) taxation authorities, using the rates or laws that have been enacted or substantively enacted by the balance sheet date.

The additional income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the stockholders’ meeting.

B. Deferred tax

Deferred tax is recognized on temporary differences between the book values of assets and liabilities in the consolidated financial statements 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, net operating loss carryforwards and tax credits for purchase of machinery equipment, research and development expenses 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 Group 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 liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rate (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 Group expects, at the end of the reporting period, to recover or settle the book values of its assets and liabilities.

The book value 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 deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

C. Current and deferred tax for the year

Current and deferred tax 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.

5. Significant accounting Judgments, Assumptions, and the major sources of Estimation Uncertainty

In the application of the Group’s accounting policies, which are described in Note 4, the directors are required to make judgments, estimates and assumptions about 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 to be relevant. Actual results may differ from these estimates.

The merger company will take into account the recent development of the COVID-19 pandemic in our country and its potential impact on the economic environment when estimating relevant significant accounting estimates such as cash flows, growth rates, discount rates, and profitability. The management will continue to review the estimates and underlying assumptions and evaluate that they do not cause significant effects or changes to the merger company's significant accounting estimates. If the estimate revision only affects the current year, it will be recognized in the accounting estimate revision for that year. If the accounting estimate revision affects both the current year and future periods, it will be recognized in the accounting estimate revision for both the current year and future periods.

The following is the main source of information on the assumptions and uncertainties made by the merger company about the future as of the balance sheet date, and these assumptions and uncertainties carry a risk of significant adjustment to the carrying amounts of assets and liabilities in the next financial period.

(1) Loss allowance of accounts receivables

The Group has estimated the loss allowance of accounts receivables that is based on the risk of a default occurring and expected credit loss rate. The Group has considered historical experience, current economic conditions, and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments.

As of December 31, 2022 and 2021, the carrying amount of loss allowance of accounts receivables amounted to $701 thousand and $3,029 thousand, respectively.

(2) Valuation of Inventories

Inventories are stated at the lower of cost or net realizable value, and the Group uses estimate to determine the net realizable value of inventory at the end of each reporting period.

The Group estimates the net realizable value of inventory for normal waste, obsolescence, and unmarketable items at the end of reporting period and the writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly based on assumptions of future demand within a specific time horizon.

As of December 31, 2022 and 2021, the carrying amount of allowance for inventory write-down amounted to $29,186 thousand and $33,075 thousand, respectively.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash	$ 343	$ 381
Checking accounts and demand deposits	133,893	105,599
	$ 134,236	$ 105,980

The details of the interest rate for bank deposits were as follows:

	December 31, 2022	December 31, 2021
Demand deposits (%)	0.001～0.550	0.001～0.040

(2) Financial assets at amortized costs－current

	December 31, 2022	December 31, 2021
Pledged time deposits	$ 1,200	$ 1,200
Time deposits	-	28
	$ 1,200	$ 1,228
Interests rate (%)	0.405～0.425	0.010～0.250

The details of loss allowance of financial assets at amortized costs－current were as follows:

	2022	2021
Total of carrying amount	$ 1,200	$ 1,228
Loss allowance	-	-
Financial assets at amortized costs	$ 1,200	$ 1,228

The Group’s financial assets at amortized costs－current comprised custom duty deposits, bank loans with a specific purpose and bank deposits with originally due over three months and within one year which cannot be transferred to other category.

The Group’s financial assets at amortized costs were pledged as collateral; please refer to note 8.

(3) Accounts and notes receivables, net

	December 31, 2022		December 31, 2021	
Notes receivables				
From operating activities	$	92,441	$	104,873
Not from operating activities		35		465
	$	92,476	$	105,338
Notes receivables from related parties	$	.37	$	741
Accounts receivables	$	352,643	$	343,037
Less: loss allowance		(701)		(3,029)
	$	351,942	$	340,008
Accounts receivables from related parties	$	13,634	$	28,120

The credit term on sales to the customers is 30 to 120 days.

The Group applies the simplified approach to provide for its loss allowance used for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all notes and accounts receivable. The expected credit losses on accounts receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group’s historical credit loss experience shows that there is no significant difference in the loss patterns of different customer groups, it does not further differentiate the customer groups for the provision matrix and only sets the expected credit loss based on the number of days past due for notes and accounts receivable.

The abovementioned notes receivables which were not from operating were compensation payments by installments for the equipment was recognized as notes receivables and long-term accounts receivables of other noncurrent liabilities, respectively.

Details of allowance of accounts receivables were as follows:

December 31, 2022

	Current	Overdue 1-60 days	Overdue more than 61 days	Total
Total carrying amount	$ 455,949	$ 2,177	$ 664	$ 458,790
Provision for loss allowance	(31)	(6)	(664)	(701)
Cost after amortization	$ 455,918	$ 2,171	$ -	$ 458,089

The Group's abovementioned rates of expected credit loss were as follows, current rates were from 0.007% to 0.009%, rates of due over 1 to 60 days were 0.106% to 8.333% and rates of due over 61 days were 16.739% to 100%.

December 31, 2021

	Current	Overdue 1-60 days	Overdue more than 61 days	Total
Total carrying amount	$ 465,736	$ 8,954	$ 2,546	$ 477,236
Provision for loss allowance	(135)	(631)	(2,263)	(3,029)
Cost after amortization	$ 465,601	$ 8,323	$ 283	$ 474,207

The Group's abovementioned rates of expected credit loss were as follows, current rates were from 0.020% to 0.042%, rates of due over 1 to 60 days were 0.136% to 19.374% and rates of due over 61 days were 33.333% to 100%.

Information of changes in impairments of notes and accounts receivables were as follows:

	2022	2021
Balance on January 1	$ 3,029	$ 266
Add: Impairment loss for the current period, net	-	2,769
Less: Reversal on impairment loss for the current period, net	(2,328)	-
Less: Actual offset amount	-	(6)
Balance on December 31	$ 701	$ 3,029

(4) Inventories

	December 31, 2022	December 31, 2021
Merchandises	$ 6,065	$ 15,811
Finished goods	151,147	146,055
Semi-finished goods	19,896	12,249
Work in process	16,574	17,946
Raw materials	109,041	151,920
Manufacturing materials	30,368	30,013
	$ 333,091	$ 373,994

The operating costs relating to inventories amounted to $1,879,287 thousand and $1,736,266 thousand for the year ended in 2022 and 2021, respectively.

The information of write-down of inventories to net realizable value and reversal of write-down of inventories resulting from the increase in net realizable value which were included in the cost of revenue:

	2022	2021
Reversal of inventory obsolescence for the period (gains)	$ (3,889)	$ 1,437

(5) Non-current assets held for sale

	December 31, 2022	December 31, 2021
Land	$ -	$ 254,241
Buildings	-	16,272
Equipment	-	686
Others	-	117
	$ -	$ 271,316

For the purposes of promoting performance of real estate, the Group disposed of the land, property and related equipment in No. 198, Chenggong 3rd Rd., Nantou City by approval of the board of directors on November 10, 2021.

The Group's noncurrent assets held for sales amounted to $463 million and had finished the process of transferring in accordance with the agreements on March 3, 2022.

The Group's noncurrent assets held for sales were pledged as collateral for bank loans and secured borrowings, please refer to note 8.

(6) Financial assets at fair value through profit or loss, non-current

	December 31, 2022		December 31, 2021	
	Amount	Ownership %	Amount	Ownership %
Financial assets at fair value through profit or loss, non-current				
Stock:				
Nanyang Cooperatives for common labors	$ 20	0.42	$ 20	0.42
Loyal Splendor Int'l Ltd. (Seychelles)	14,306	18.00	10,862	18.00
Grand and Great Corp. (Samoa)	24,843	4.44	38,987	4.44
Total	$ 39,169		$ 49,869	

The Group's financial assets at fair value through profit or loss were not pledged as collateral.

For the purpose of expanding oversea market of TPU, the Group set up a joint venture (Loyal Splendor Int'l Ltd.) with others by approval of board of directors on March 17, 2017 which was planned to set up another new company, estimated to hold 18% of the ownership of Loyal Splendor Int'l Ltd. The new company was registered in Republic of Seychelles on July 19, 2017. The Group invested and paid amounted to USD 180,000 on October 16, 2017 and invested amounted to USD 180,000, USD 90,000 and USD 90,000 on September 1, 2019, September 30, 2020 and October 20, 2022, respectively. As of December 31, 2022, the total investment paid from the Group amounted to USD 540,000.

For the purposes of vertical integration and expanding oversea market, the Group set up a joint venture (Grand and Great Corporation Limited (SAMOA)) with others through Shuang Bang Industrial Corp. (BV) by approval of board of directors on September 23, 2015. The Group originally planned to hold 15% of the ownership, amounted to a total of USD 3 million, and invested another new fabric integration factories through this joint venture. However, considering the market prospect and the Group's future development, the Group decided to decrease the total amount of the investment from USD 3 million to USD 1.4 million by approval of board of directors in May 2017 and the ownership of the joint venture was decreased from 15% to 7%.

Grand and Great Corporation Limited (SAMOA) increased its share capital by USD 1 million and USD 105 million by the approval of board directors on May 13, 2019 and May 28, 2020, respectively. The merger company did not exercise its subscription rights according to its shareholding percentage, resulting in a decrease in its shareholding percentage from 7% to 6.67% and from 6.67% to 4.44%. As of December 31, 2022, the merger company has paid a total of USD 1.4 million in investment funds.

The Group recognized gains (loss) on financial assets at fair value through profit of loss amounted to ($18,077) thousand and $6,051 thousand for the years ended 2022 and 2021, respectively.

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

Equity

	December 31, 2022	December 31, 2021
Listed stocks		
Sunko Ink Co., Ltd.	$ -	$ -

The Group recognized unrealized gain on investments through other comprehensive income amounted to $6,536 thousand.

Sunko Ink Co., ltd decreased its share capital in December, 2020 and returned $882 thousand to the Group on February, 2021.

The Group recognized dividend income amounted to $250 thousand.

The Group sold its ordinary shares in Sunko Ink Co. at fair value for the year ended December 31, 2021. The related unrealized loss of financial assets at FVTOCI of $8,204 thousand under other equity was transferred to retained earnings.

(8) Property, plant and equipment

	December 31, 2022	December 31, 2021
Owner occupation	$ 1,269,251	$ 1,162,166
Operating leases	20,050	-
	$ 1,289,301	$ 1,162,166

A. Owner occupation

Carrying amount	December 31, 2022	December 31, 2021
Land	$ 645,954	$ 645,954
Buildings, net	228,965	250,452
Machinery equipment, net	127,963	129,186
Testing equipment, net	5,560	5,767
Pollution control equipment, net	28,580	32,761
Transportation	952	1,762
Office equipment	270	425
Other equipment	43,514	46,025
Construction in progress and inspection equipment	187,493	49,834
	$ 1,269,251	$ 1,162,166

Cost	January 1, 2022	Additions	Disposals	Prepaid	Reclassification	December 31, 2022
Land	$ 645,954	$ -	$ -	$ -	$ -	$ 645,954
Buildings	354,377	925	(5,751)	8,456	(21,101)	336,906
Equipment	381,095	8,165	(75,958)	28,363	-	341,665
Testing equipment	12,398	105	(370)	1,494	-	13,627
Pollution control equipment	86,303	947	(4,483)	3,994	-	86,761
Transportation	11,938	-	-	-	-	11,938
Office equipment	1,107	100	-	-	-	1,207
Other	117,656	10,492	(16,575)	5,391	-	116,964
Construction in progress and inspection equipment	49,834	137,659	-	-	-	187,493
	$ 1,660,662	$ 158,393	$ (103,137)	$ 47,698	$ (21,101)	$ 1,742,515

Accumulated depreciation and impairment	January 1, 2022	Depreciation	Disposals	Prepaid	Reclassification	December 31, 2022
Buildings	$ 103,925	$ 10,402	$ (5,752)	$ -	$ (634)	$ 107,941
Machine equipment	251,909	37,596	(75,327)	(476)	-	213,702
Testing equipment	6,631	1,805	(369)	-	-	8,067
Pollution control equipment	53,542	9,121	(4,482)	-	-	58,181
Transportation	10,176	810	-	-	-	10,986
Office equipment	682	255	-	-	-	937
Other equipment	71,631	18,394	(16,575)	-	-	73,450
	$ 498,496	$ 78,383	$ (102,505)	$ (476)	$ (634)	$ 473,264

Cost	January 1, 2021	Additions	Disposals	Prepaid	Reclassification	December 31, 2021
Land	$ 900,195	$ -	$ -	$ -	$ (254,241)	$ 645,954
Buildings	414,076	292	(21,944)	5,977	(44,024)	354,377
Equipment	393,857	7,106	(33,841)	18,626	(5,013)	381,095
Testing equipment	12,659	-	(790)	529	-	12,398
Pollution control equipment	98,696	111	(14,807)	1,583	-	86,303
Transportation	12,788	-	(850)	-	-	11,938
Office equipment	1,427	-	(320)	-	-	1,107
Other	124,560	6,227	(15,566)	2,759	(324)	117,656
Construction in progress and inspection equipment	905	48,929	-	-	-	49,834
	$ 1,959,163	$ 62,665	$ (87,038)	$ 29,474	$ (303,602)	$ 1,660,662

Accumulated depreciation and impairment	January 1, 2021	Depreciation	Disposals	Prepaid	Reclassification	December 31, 2021
Buildings	$ 129,621	$ 13,758	$ (11,702)	$ -	$ (27,752)	$ 103,925
Machine equipment	248,999	40,495	(32,569)	(689)	(4,327)	251,990
Testing equipment	5,587	1,834	(790)	-	-	6,631
Pollution control equipment	57,974	9,655	(14,087)	-	-	53,542
Transportation	10,072	954	(850)	-	-	10,176
Office equipment	736	266	(320)	-	-	682
Other equipment	68,448	18,733	(15,343)	-	(207)	71,631
	$ 521,437	$ 85,695	$ (75,661)	$ (689)	$ (32,286)	$ 498,496

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Item	Useful lives	Item	Useful lives
Buildings	2 to 50 years	Transportation	3 to 6 years
Machine equipment	2 to 16 years	Office equipment	3 to 6 years
Testing equipment	3 to 10 years	Other equipment	2 to 25 years
Pollution control equipment	3 to 25 years		

B. Operating leases

Carrying amount	December 31, 2022	December 31, 2021
Buildings	$ 20,050	$ -

Cost	January 1, 2022	Additions	Disposals	Prepaid	Reclassification	December 31, 2022
Buildings	$ —	$ —	$ —	$ —	$ 21,101	$ 21,101

Accumulated depreciation and impairment	January 1, 2022	Depreciation	Disposals	Prepaid	Reclassification	December 31, 2022
Buildings	$ —	$ 417	$ —	$ —	$ 634	$ 1,051

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Item	Useful lives
Buildings	10 to 48 years

The Group’s buildings were mainly comprised by the plant and offices in YongXing and were depreciated by their useful lives from 25 to 50 years, the machine equipment were mainly comprised by wet processing PU coating machines, depreciated by useful lives of 8 years; pollution control equipment were mainly comprised by solvent recycling equipment and RTO, depreciated by useful lives of 8 years; other equipment was comprised by thermal coal equipment and coal-fired boilers, depreciated by useful lives of 10 years.

The Group’s property, plant and equipment were pledged as collateral for bank loans and secured borrowings, please refer to note 8.

(9) Leases

Lessee

A. Right-of-use assets

Carrying amount	December 31, 2022	December 31, 2021
Buildings	$ 15,771	$ 22,070
Transportation	9,116	7,749
	$ 24,887	$ 29,819

	2022	2021
Additions of right-of-use assets	$ 7,568	$ 4,236
Depreciation of right-of-use assets		
Buildings	$ 9,521	$ 9,496
Transportation	2,979	2,877
	$ 12,500	$ 12,373

B. Lease liabilities

	December 31, 2022	December 31, 2021
Current	$ 10,306	$ 10,722
Noncurrent	$ 14,877	$ 19,346

The discount rates of lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Buildings (%)	1.250～1.720	1.620～1.720
Transportation (%)	0.967～4.248	0.967～4.248

C. Significant leasing activities and requirements

The underlying assets leased by the Group include land, houses and buildings, company cars and photocopiers. The periods of the lease contract vary from 1 to 5 years. The lease contract is negotiated individually and contains various terms and conditions.

D. Profit and loss items associated with lease contracts are as follows:

	2022	2021
Items that affect profit or loss		
Interest expense on lease liabilities	$ 432	$ 584
Rent expenses on short-term lease	7,853	1,856
	$ 8,285	$ 2,440

E. The Group's total lease cash outflows from January 1 to December 31, 2022, and 2021 were NT$12,885 thousand and NT$12,880 thousand, respectively.

Lessor

A. Rental agreements

Objective	Lease period	Monthly rental revenue and method	Guarantee Deposits
Buildings in Taoyuan	2020/9/1~2025/8/31	Monthly rental fees $100 thousand.	$100 thousand
Buildings (warehouse)	2019/5/1~ 2022/6/30 2022/2/26 ~ 2027/5/16	Actual amount of the rental fees, according to number of buckets and weight	-

Objective	Lease period	Monthly rental revenue and method	Guarantee Deposits
Buildings (warehouse)	2021/7/1 ~ 2022/6/30 2022/7/1 ~ 2023/6/30	Actual amount of the rental fees, according to number of buckets and weight	-
Buildings (plant)	2021/1/1 ~ 2022/12/31	Monthly rental fees $10 thousand.	$10 thousand
Buildings (plant)	2021/7/1 ~ 2027/6/30	Monthly rental fees $149 thousand.	$449 thousand
Buildings (dormitory)	2021/6/1 ~ 2024/6/1	monthly rental fees $14 thousand	-
Buildings (plant)	2022/5/1 ~ 2025/4/30	Monthly rental fees $140 thousand.	$294 thousand

1. The information of gains on operating lease rental contracts for the years ended in 2022 and 2021 were as follows:

	2022	2021
Rental revenue	$ 4,794	$ 2,539

2. non-cancellable operating lease contracts

	December 31, 2022	December 31, 2021
Within one year	$ 4,978	$ 3,285
More than 1 year to 3 years	8,114	6,230
Over 3 years	2,690	5,284

(10) Intangible assets

Carrying amounts	December 31, 2022	December 31, 2021
Computer software	$ 5,349	$ 3,886
Professional technology	1,041	2,417
	$ 6,390	$ 6,303

Costs	January 1, 2022	Additions	Disposals	December 31, 2022
Computer software	$ 8,997	$ 3,902	$ (3,094)	$ 9,805
Professional technology	7,755	-	(952)	6,803
	$ 16,752	$ 3,902	$ (4,046)	$ 16,608

Accumulated amortization and impairment	January 1, 2022	Additions	Disposals	December 31, 2022
Computer software	$ 5,111	$ 2,439	$ (3,094)	$ 4,456
Professional technology	5,338	1,376	(952)	5,762
	$ 10,449	$ 3,815	$ (4,046)	$ 10,218

Costs	January 1, 2021	Additions	Disposals	December 31, 2021
Computer software	$ 11,098	$ 715	$ (2,816)	$ 8,997
Professional technology	8,755	-	(1,000)	7,755
	$ 19,853	$ 715	$ (3,816)	$ 16,752

Accumulated amortization and impairment	January 1, 2021	Additions	Disposals	December 31, 2021
Computer software	$ 5,524	$ 2,403	$ (2,816)	$ 5,111
Professional technology	4,654	1,684	(1,000)	5,338
	$ 10,178	$ 4,087	$ (3,816)	$ 10,449

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Item	Useful lives	Item	Useful lives
Computer software	2 to 6 years	Professional technology	5 years

(11) Other noncurrent assets

	December 31, 2022	December 31, 2021
Prepayments for equipment	$ 114,626	$ 43,455
Refundable deposits	4,982	2,882
Long-term notes receivables	1,596	1,596
Other	270	270
	$ 121,474	$ 48,203

The abovementioned long-term notes receivables were for the compensation payment with installments for the machine equipment, please refer to note 6(3).

(12) Short-term loans

	December 31, 2022	December 31, 2021
Secured loans		
Operating deposits	$ -	$ 10,000
L/C loans	62,126	168,585
Unsecured loans		
Operating deposits	17,050	40,050
L/C loans	39,400	15,640
	$ 118,576	$ 234,275
Loan rate (%)	1.625～6.51	0.56～1.97
Due date	Before 2023/8/15	Before 2022/6/28

The abovementioned loans were all bank loans.

The Group’s short-term loans were pledged as collateral, please refer to note 8.

(13) Notes and accounts payables

	December 31, 2022	December 31, 2021
Arising from operation:		
Notes payables	$ 4,291	$ 23,149
Accounts payables	180,100	209,292
Not arising from operation:		
Other notes payables	48,259	4,175

Other notes payables were mainly used for the purchase of equipment.

(14) Other payables

	December 31, 2022	December 31, 2021
Third-party transaction		
Salary and bonus payables	$ 53,870	$ 42,523
Welfare payables	20,000	6,625
Insurance payables	4,623	5,017
Equipment payables	2,548	7,439
Directors’ remuneration payables	8,500	2,815
Other accounts payables	56,848	60,459
	$ 146,389	$ 124,878

(15) Provision

	December 31, 2022		December 31, 2021	
Employees benefits	$	8,189	$	8,133
Returns and discounts		2,000		2,000
Sales rebates		2,255		-
	$	12,444	$	10,133

	Employees benefits		Returns and discounts		Sales rebates		Total	
Balance on January 1, 2022	$	8,133	$	2,000	$	-	$	10,133
Provision for the period		8,156		-		2,255		10,411
Payments for the period		(176)		-		-		(176)
Write-off for the period		(7,924)		-		-		(7,924)
Balance on December 31, 2022	$	8,189	$	2,000	$	2,255	$	12,444

	Employees benefits		Returns and discounts		Sales rebates		Total	
Balance on January 1, 2021	$	8,102	$	2,000	$	-	$	10,102
Provision for the period		7,238		-		-		7,238
Payments for the period		(124)		-		-		(124)
Write-off for the period		(7,083)		-		-		(7,083)
Balance on December 31, 2021	$	8,133	$	2,000	$	-	$	10,133

The Group’s provision was for benefits of accumulated paid time off as of the balance sheet date, probable sales returns of the products and the sales rebates. Provision for warranty and after service cost was estimated based on the historical information, management judgements and other known factors.

(16) Other current liabilities

	December 31, 2022		December 31, 2021	
Contract liabilities	$	9,722	$	56,781
Temporary receipts		167		230
Receipts under custody		1,345		1,172
Deferred revenue－current		682		682
	$	11,916	$	58,865

(17) Long-term loans

Category	Due year	December 31, 2022		December 31, 2021	
Secured borrowings	2023	$	-	$	35,071
Secured borrowings	2024		82,240		3,360
Secured borrowings	2025		46,500		64,500
Secured borrowings	2034		299,468		325,699
Unsecured borrowings	2023		-		25,000
Unsecured borrowings	2025		64,271		88,896
Unsecured borrowings	2026		4,750		6,000
		$	497,229	$	548,526
Current portion of long-term loans payable		$	71,476	$	117,940
Non-current			425,753		430,586
		$	497,229	$	548,526
Interest rate of loans (%)			1.67～2.479		1.17～1.845

Some of the abovementioned loans had been paid in advance.

The abovementioned loans are bank loans and used in floating rate borrowings, please refer to note 6(25).

The Group's pledged and mortgaged assets used as collateral for long term loans, please refer to note 8.

(18) Government grants

The Group purchased pollution control equipment in 2015 and had applied for exemption in the local government in accordance with the laws. The application had been reviewed and approved by the Department of Environmental Protection in Taoyuan and obtained $5,000 thousand of the exemption. As of December 31, 2022, the remaining amounted to $844 thousand.

The Group purchased pollution control equipment in 2018 and had applied for exemption in the local government in accordance with the laws. The application had been reviewed and approved by the Bureau of Energy, Ministry of Economic Affairs and obtained $5,000 thousand of the exemption. As of December 31, 2022, the government grant was recognized under other liabilities, current and long-term deferred revenue and will be transferred to other revenue in accordance the useful lives of the equipment.

The Group had applied for Industrial Upgrading Innovation Platform Guidance Program by the Ministry of Economic Affairs and had been reviewed and approved. As of December 31, 2021, the Group obtained the government grants amounted to $10,400 thousand and recognized under other revenue.

The Group received a salary subsidy and operational capital subsidy of $3,136 thousand in accordance with Article 5 of the "Regulations Governing Subsidies and Assistance for Industries Affected by COVID-19" implemented by the Ministry of Economic Affairs in 2021, and recognized it as other income.

(19) Post-employment benefits plans

A. Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, the Group have made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Accordingly, the Group recognized as expenses under consolidated comprehensive income statement of $10,806 thousand and $10,882 thousand. As of December 31, 2022 and 2021, the unpaid amount of define benefits plans amounted to $2,558 thousand and $2,515 thousand, respectively.

B. Defined benefit plans

The Group has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. According to the law, two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Group contributes an amount equal to 5% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Group assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Group does not have any right to intervene in the investments of the Funds.

The net defined benefit obligation is currently calculated on the December 31, 2022, by independent actuary, Chen, Wen-Hsien, using the projected unit credit method.

The Group recognized pension expenses by using calculated pension expenses for the year ended 2022 and 2021.

(a) The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31, 2022		December 31, 2021	
Present value of defined benefit obligation	$	(44,907)	$	(55,683)
Fair value of plan assets		25,448		22,903
Net defined benefit liabilities	$	(19,459)	$	(32,780)

(b) Movements in net defined benefit liabilities

Movements in net defined benefit liabilities were as follows:

	2022		2021	
Balance on January 1	$	55,683	$	55,968
Benefit paid		-		(3,685)
Current service costs and interests		540		477
Loss (gain) on defined benefit obligation, experience adjustments		(8,639)		4,825
Loss (gain) on defined benefit obligation, changes in assumption				
- changes in demographic assumptions		-		221
- changes in financial assumptions		(2,677)		(2,123)
Effect of plan curtailment		-		-
Balance on December 31	$	44,907	$	55,683

(c) Movements in planned assets at fair value

Movements in net defined benefit assets were as follows:

	2022		2021	
Balance on January 1	$	22,903	$	25,626
Benefit paid		482		501
Paid benefit		-		(3,685)
Interest revenue from plan assets		162		91
Gains on experience from plan assets		1,901		370
Payments from plan assets		-		-
Balance on December 31	$	25,448	$	22,903

(d) Expenses through profit or loss

Expenses through profit or loss were as follows:

	2022		2021	
Current service cost	$	153	$	282
Net interests from net defined benefit liabilities		224		104
Pension expenses	$	377	$	386

An analysis of employee benefits expense by function:

	2022		2021	
Operating costs	$	243	$	250
Selling expenses		24		24
General and administrative expenses		99		101
Research and development expenses		11		11
	$	377	$	386

(e) Remeasurement of defined benefit obligation

	2022		2021	
Loss (gain) on defined benefit obligation, experience adjustments	$	(8,639)	$	4,825
Loss (gain) on defined benefit obligation, changes in assumption				
- changes in demographic assumptions		-		221
- changes in financial assumptions		(2,677)		(2,123)
Gains (loss) on experience from plan assets		(1,901)		(370)
Remeasurement of defined benefit obligation, net	$	(13,217)	$	2,553

(f) The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.30%	0.70%
Expected rate of salary increase	3.50%	3.50%

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

	December 31, 2022		December 31, 2021	
Discount rate				
0.25% increase	$	(1,052)	$	(1,469)
0.25% decrease	$	1,089	$	1,525
Expected rate of salary increase				
0.5% increase	$	1,062	$	1,480
0.5% decrease	$	(1,032)	$	(1,434)

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

	December 31, 2022		December 31, 2021	
Expected contributions to the plan for the next year	$	1,349	$	1,524
Average duration of the defined benefit obligation	9 years		10 years	

(g) Short-term employees benefit plant

The Group recognized paid time off leaves expenses of $8,156 thousand and $7,238 thousand for the year ended in 2022 and 2021, respectively.

(20) Equity

A. Common stocks

	December 31, 2022	December 31, 2021
Amount of shares authorized ($10 per share)	$ 1,200,000	$ 1,200,000
Amount of shares issued	$ 823,608	$ 823,608
Numbers of shares authorized (in thousand of shares)	120,000	120,000
Numbers of shares issued (in thousand of shares)	82,361	82,361

Each share has the same voting rights equal to the number of Directors to be elected and dividends receives.

B. Capital surplus

	December 31, 2022	December 31, 2021
Capital surplus	$ 983	$ 42,163
Employee share options	9,506	9,506
Expired dividends	63	49
	$ 10,552	$ 51,718

The capital surplus from shares issued in excess of par (including additional paid-in capital from the converted convertible bonds) may be used to offset deficits; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (but limited to a certain percentage of the Group's paid-in capital on a yearly basis).

The capital surplus arising from employee share options may not be used for any purpose. The capital surplus arising from expired dividends may not be used for any purpose, except for offsetting a deficit.

The Group's reconciliation of outstanding common stocks and capital surplus were as follows:

	Capital		Capital surplus		
	Shares (in thousand)	Amount	Share premiums	Employee share options	Expired dividends
Balance on January 1, 2022	82,361	$ 823,608	$ 42,163	$ 9,506	$ 49
Cash dividends from capital surplus	-	-	(41,180)	-	-
Others	-	-	-	-	14
Balance on December 31, 2022	82,361	$ 823,608	$ 983	$ 9,506	$ 63
Balance on January 1, 2021	82,361	$ 823,608	$ 42,163	$ 9,506	$ -
Others	-	-	-	-	49
Balance on December 31, 2021	82,361	$ 823,608	$ 42,163	$ 9,506	$ 49

C. Appropriation of earnings and dividend policy

According to the Group Act, A company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. The appropriation for legal capital reserve shall be made until the reserve equals the Group's paid-in capital. The reserve may be used to offset a deficit or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Group incurs no loss.

Pursuant to existing regulations, the Group is required to set aside additional special capital reserve equivalent to the net debit balance of stockholders' equity. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

When allocating the profits for each fiscal year, the following order shall be followed:

(a) pay all taxes and dues.

(b) offset accumulated deficits.

(c) set aside 10 percent of earning as legal reserve

(d) set aside special capital reserve in accordance with relevant laws or regulations.

The remaining balance after the mentioned above payment to be made, combining with the undistributed earnings of the proceeding years may be retained or distributed as shareholders' dividends after the approval of the shareholders' meeting.

Since the Group is in a highly developing industry, the Group has to adapt its dividend policy to meet the Group's long term development and capital requirement, along with the shareholders' demand of cash. Therefore, the Group is allowed to distribute no more than 90% of the amount of the profits of the fiscal year. The Board of Directors shall submit a distribution proposal for approval at the shareholder's meeting. Distribution of profits may be made by way of a cash dividend or stock dividend; provided, however, the ratio for cash dividend shall be not less than 10% of total distribution.

On March 18, 2022, the appropriation of cash dividends in 2021 and on March 26, 2021, the appropriation of cash dividends in 2020, which were resolved in the meeting of the Group's board of directors, and as for the other appropriation of earnings, which were resolved in the meeting of shareholders on June 9, 2022 and August 27, 2021, respectively were as follows:

	Appropriation of earnings		Dividends per share (NTD)	
Items	2021	2020	2021	2020
Legal reserve	$ 7,481	$ 5,917	$ -	$ -
Special capital reserve	2,706	1,663	-	-
Cash dividends	123,541	65,889	1.5	0.8
	$ 133,728	$ 73,469		

The appropriations of cash dividends have been approved by the Group's Board of Directors in its meeting. The appropriations and cash dividends per share were $0.5 per share with total of $41,180 thousand.

The appropriation of earnings for 2022, which were proposed by the Group's board of directors on March 17, 2023, were as follows:

Items	Appropriation of earnings 2022	Dividends per share (NTD) 2022
Legal reserve	$ 27,431	$ -
Cash dividends	98,833	1.2
	$ 126,264	

The appropriation of earnings in 2022 is subject to the resolution of the shareholders in their meetings on June 20, 2023.

(21) Sales revenue

	2022	2021
Revenue from contracts with customers		
Sales revenue	$ 2,177,815	$ 2,008,893
Service revenue	8,826	4,596
	$ 2,186,641	$ 2,013,489

Balance of the contracts

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivables, net (including related parties)	$ 92,478	$ 105,614	$ 58,154
Accounts receivables, net (including related parties)	$ 365,576	$ 368,128	$ 258,513
Contract liabilities－current (Recognized as other current liabilities)	$ 9,689	$ 10,748	$ 2,383

Changes arising from the contract liabilities were mainly because of the differences of fulfillment of the obligation and payment received from the customers.

The sales revenue on contract liabilities were as follows:

	2022	2021
Sales revenue of goods	$ 8,428	$ -

(22) Net income

The Group's net income included the following items:

A. Other revenue

	2022	2021
Government grant	$ -	$ 14,218
Rental revenue	4,794	2,539
Dividend income	-	257
Other income	3,646	2,286
	$ 8,440	$ 19,300

B. Other profit and loss

	2022	2021
Gains (loss) on disposal of plant, property and equipment	$ 190,054	$ (10,550)
Gains on foreign exchange	17,505	393
Net loss(profit) on financial assets at fair value through profit or loss	(18,077)	6,051
Reversal of impairment loss recognized in profit or loss	476	689
	$ 189,958	$ (3,417)

C. Depreciation and amortization

	2022	2021
Depreciation of plant, property and equipment	$ 78,800	$ 85,695
Depreciation of right-of-use assets	12,500	12,373
Amortization of intangible assets	3,815	4,087
	$ 95,115	$ 102,155

Depreciation expenses were summarized by functions:		
Operating costs	$ 80,266	$ 87,362
Operating expenses	11,034	10,706
Amortization expenses were summarized by functions		
Operating costs	938	798
Operating expenses	2,877	3,289
	$ 95,115	$ 102,155

D. Financial cost

	2022	2021
Bank loans	$ 6,998	$ 8,704
Interests from lease liabilities	432	584
Handling fees	179	193
	$ 7,609	$ 9,481
Amount of capitalized borrowing costs	$ 2,660	$ 581
Rate of capitalized borrowing costs (%)	1.284～1.656	1.284～1.656

E. Gains (loss) on foreign exchange

	2022	2021
Total of gains on foreign exchange	$ 33,356	$ 8,567
Total of loss on foreign exchange	(15,851)	(8,174)
Total of gains (loss) on foreign exchange	$ 17,505	$ 393

F. Employees benefits

	2022	2021
Salary	$ 353,041	$ 320,773
Employee insurance	28,690	28,752
Post-employment benefits plans		
Defined contribution plans	10,806	10,882
Defined benefit plans	377	386
Directors' remuneration	9,520	3,565
Other benefits	13,556	12,280
	$ 415,990	$ 376,638

	2022		2021	
Summary by function:				
Operating costs	$	292,545	$	279,912
Operating expenses		123,445		96,726
	$	415,990	$	376,638

G. Employees' compensation and remuneration of directors

According to the Group's Articles of Incorporation, the Group shall allocate compensation to directors and profit-sharing bonus to employees of the Group as follows:

If there is any profit for the current fiscal year, the Group shall allocate 5% to 10% of the profit as employees' compensation and shall allocate at a maximum of 3% of the profit as remuneration to directors, provided that the Group's accumulated losses shall have been covered in advance.

The aforementioned income was calculated using the Group's net income before income taxes without the remunerations to employees and directors for each period. The employee remuneration will be distributed in cash or in the form of shares to the employees of the controlling companies and subsidiaries who meet certain criteria.

The distributable dividends and bonus in whole or in part or the legal reserve and capital reserved in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Group estimated the employees' compensation and directors' remuneration were as follows:

Percentage of estimate

	2022	2021
Employees' compensation	6.42%	6.46%
Directors' remuneration	2.73%	2.77%

Amount

	2022		2021	
Employees' compensation	$	20,000	$	5,762
Directors' remuneration	$	8,500	$	2,470

The estimated amount of employees' compensation and directors' remuneration were recognized as an operating cost or operating expense. If there is a change in the proposed amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

If the board of directors decided to pay the employee remuneration in the form of company shares, the number of dividend shares is determined by dividing the amount of the dividend by the fair value of the share. The fair value of the share is based on the closing price of the day before the resolution date of the shareholders' meeting.

The 2021 and 2020 employee's compensation and director's and supervisor's remuneration were respectively resolved in the board meeting on March 18, 2022 and March 26, 2021 as follows:

	2021	2020
Employees' compensation	$ 5,762	$ 5,330
Directors' remuneration	$ 2,470	$ 2,134

There is no difference between the 2021 and 2020 employee's compensation and director's and supervisor's remuneration and the Group's 2021 and 2020 recognized fee estimates.

The information about appropriations of the Group's employees' compensation and remuneration to directors is available on the Market Observation Post System website.

(23) Income tax

A. Income tax expense recognized in profit or loss

The major components of tax expense (benefit) were as follows:

	2022	2021
Current tax		
Current year	$ 25,471	$ 18,375
Adjustments for prior year	6	-
Income tax on unappropriated earnings	(3,852)	(1,831)
Recognized loss carryforwards	-	(522)
Deferred tax		
Current year	(6,194)	(972)
Income tax expense recognized in profit or loss	$ 15,431	$ 15,050

A reconciliation of accounting profit and income tax expense was as follows:

	2022	2021
Profit before tax from continuing operations	$ 272,174	$ 91,006
Income tax expense calculated at the statutory rate	56,590	19,506
Effect of adjustments to income tax		
Non-deductible expenses in determining taxable income	112	193
Tax-exempt income	-	(679)
Temporary difference	4,205	(1,270)
Deferred tax	(6,194)	(731)
Income tax on unappropriated earnings	6	-
Gains on sale of the land	(35,820)	-
Other	384	384
Recognized loss carryforwards	-	(522)
Adjustments for prior year	(3,852)	(1,831)
Income tax expense recognized in profit or loss	$ 15,431	$ 15,050

B. Recognized in other comprehensive income

	2022	2021
Remeasurement of defined benefit plans	$ (2,643)	$ 511

C. Deferred tax

The Group's movements of deferred tax assets and liabilities for the years ended in 2022 and 2021 were as follows:

	January 1, 2022	Recognized as profit or loss	Recognized as OCI	December 31, 2022
Deferred tax assets				
Temporary difference				
Defined benefit plans	$ 6,556	$ (21)	$ (905)	$ 5,630
Inventory	7,015	(778)	-	6,237
Accounts receivables	6,365	(3,300)	-	3,065
Financial assets at fair value through profit or loss	589	3,755	-	4,344
Provision	1,627	454	-	2,081
Plant, property and equipment	547	(172)	-	375
Other payables	1,291	(128)	-	1,163
Recognized loss carryforwards	6,924	3,297	-	10,221
Others	970	990	-	1,960
	$ 31,884	$ 4,097	$ (905)	$ 35,076
Deferred tax liabilities				
Temporary difference				
Defined benefit plans	$ -	$ -	$ 1,738	$ 1,738
Inventory	4,359	(1,942)	-	2,417
Plant, property and equipment	102	(4)	-	98
Others	363	(151)	-	212
	$ 4,824	$ (2,097)	$ 1,738	$ 4,465

	January 1, 2021	Recognized as profit or loss	Recognized as OCI	December 31, 2021
Deferred tax assets:				
Temporary difference				
Defined benefit plans	$ 6,067	$ (22)	$ 511	$ 6,556
Inventory	6,728	287	-	7,015
Accounts receivables	2,067	4,298	-	6,365
Financial assets at fair value through profit or loss	579	10	-	589
Provision	1,621	6	-	1,627
Plant, property and equipment	760	(213)	-	547
Other payables	1,323	(32)	-	1,291
Recognized loss carryforwards	6,927	(3)	-	6,924
Others	1,706	(736)	-	970
	$ 27,778	$ 3,595	$ 511	$ 31,884
Deferred tax liabilities:				
Temporary difference				
Inventory	$ 1,680	$ 2,679	$ -	$ 4,359
Plant, property and equipment	-	102	-	102
Others	521	(158)	-	363
	$ 2,201	$ 2,623	$ -	$ 4,824

D. Unrecognized loss carryforwards, deferred tax assets and liabilities and temporary difference

(a) Unrecognized deferred tax assets

	December 31, 2022	December 31, 2021
Investment using equity method	$ 4,339	$ 2,857

(b) Unrecognized deferred tax liabilities

	December 31, 2022	December 31, 2021
Investment using equity method	$ 1,373	$ 1,742
Translation of foreign operations	$ -	$ 863

E. Income tax assessment

As of March 17, 2023, the income tax returns of the Group through 2020 and its subsidiaries have been examined by the tax authorities.

(24) Capital management

The income tax returns of the Group through 2018 and its subsidiaries have been examined by the tax authorities. And the income tax returns of the Group's subsidiaries through 2019 have been examined by the tax authorities.

The coating markets had been affected by the global demands which needs large amount of operating fund in the early of the year. The Group manages its capital risk to ensure sufficient financial resources and operational plan to meet the demand of necessary operating fund, capital expenditure, research and development expense, debt repayment, and dividend expenditure for the future. The Group had adjusted the proportion of liabilities to maintain the capital structures. The ratio of assets and liabilities as of December 31, 2022 and 2021, respectively were as follows:

	December 31, 2022	December 31, 2021
Total of liabilities	$ 1,096,505	$ 1,304,803
Total of assets	2,468,340	2,575,209
Ratio of liabilities (%)	44.42	50.67

(25) Financial instruments

A. Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents	$ 134,236	$ 105,980
Financial assets at amortized cost — current	1,200	1,228
Notes and accounts receivables, net	458,089	474,207
Other accounts receivables	762	422
Other current assets	85	4,308
Other noncurrent assets	6,578	4,478
Financial assets at amortized cost — noncurrent	36,169	49,869
Financial liabilities		
Financial liabilities		
Short-term loans	$ 118,576	$ 234,275
Notes and accounts payables	184,391	232,441
Other accounts payables	48,259	4,175
Other payables	146,389	124,878
Guarantee deposits	853	558
Long-term loans (including current portion)	497,229	548,526

B. Financial risk management objectives

The Group manages its exposure to risks relating to the operations through market risk, credit risk, and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by management in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Group must comply with certain treasury procedures that provide guiding principles for overall financial risk management.

C. Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates.

(a) Risks of foreign currency exchange rates

The Group's operating activities and investment in foreign are mainly denominated in foreign currencies and exposed to foreign currency risk.

The Group used foreign exchange forward contracts to eliminate currency exposure. These foreign exchange forward contracts could reduce the influence of the exchange rate fluctuations on the Group's income.

The Group had not used derivatives financial instruments for the years ended December 31, 2022 and 2021.

The Group had not hedge certain foreign exchange risks that the Group is exposed to throughout its operating.

The Group's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 10% strengthening/weakening of the functional currency against U.S. dollars, the Company's net income before tax for January 1 to December 31, 2021 and 2022 would have decreased/increased by $15,457 thousand and $6,722 thousand, respectively. Assuming a 10% strengthening/weakening of the functional currency against Japanese Yen, the Company's net income before tax for January 1 to December 31, 2021 and 2022 would have decreased/increased by $5 thousand and $111 thousand, respectively.

The information of financial assets and liabilities with major impact were as follows:

Unit: currency in thousand

	December 31, 2022		December 31, 2021	
Items	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
Financial assets				
Monetary items				
USD	$ 7,883	30.65	$ 7,605	27.62
JPY	277	0.2297	158	0.2377
Financial liabilities				
Monetary items				
USD	1,579	30.65	4,563	27.62
JPY	—	0.2297	5,992	0.2377

The Company recognized gains on foreign exchange (including realized and unrealized) of $17,505thousand and $393 thousand for the years ended December 31, 2022 and 2021, respectively.

(b) Interest rate risk

The Group holds assets and liabilities at fixed and floating interest rates which may encounter the risks of future cash flow and from the changes of market rates. The Group is exposed to interest rate risk from floating rates.

The sensitivity analysis of interest is performed based on the financial liabilities exposed to cash flow interest rate risk at the end of each reporting period. If interest rates had been 1% higher/lower, the Company's pre-tax loss for the nine months ended December 31, 2022 and 2021 would have decreased/increased by $4,525 thousand and $5,575 thousand, respectively.

The information of carrying amount of the fixed and floating interest rate as of the balance sheet date were as follows:

Items	December 31, 2022	December 31, 2021
Fixed rates		
Financial liabilities	$ 50,185	$ 85,877
Floating rate borrowing		
Financial assets	126,865	97,782
Financial liabilities	565,620	696,924

D. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk mainly arises from trade receivables - operating, bank deposits, and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

Business related credit risk

In order to maintain the credit quality of trade receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables.

Credit evaluation is performed in the consideration of the relevant factors, such as financial condition, external and internal credit scoring, historical experience, and economic conditions, which may affect the customer's paying ability.

As of December 31, 2022 and December 31, 2021, the Group's ten largest customers accounted for 51% and 42% of its total trade receivables (including receivables from related parties), respectively. The Group believed that the concentration of credit risk is relatively insignificant for the remaining trade receivables.

Financial credit risk

The Group's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Corporate Treasury function. The Group only deals with creditworthy counterparties and banks so that no significant credit risk was identified.

E. Liquidity risk

The objective of liquidity risk management is to ensure the Group has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused of financing facilities associated with existing operations.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual, undiscounted payments, including principal and estimated interest of interest bearing.

December 31, 2022	On Demand or Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Noninterest bearing	$ 379,049	$ -	$ 395	$ 448	$ -	$379,892
Lease liabilities	6,843	4,995	13,060	1,073	-	25,971
Instruments using floating interests rate	104,130	35,738	204,727	52,711	168,314	565,620
Instruments using fixed interests rate	50,185	-	-	-	-	50,185

December 31, 2021	On Demand or Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Noninterest bearing	$361,494	$ -	$ 110	$ 448	$ -	$362,052
Lease liabilities	6,085	5,014	14,731	5,010	-	30,840
Instruments using floating interests rate	207,368	58,970	156,309	79,732	194,545	696,924
Instruments using fixed interests rate	85,877	-	-	-	-	85,877

As of December 31, 2022 and 2021, the unused financing facilities of the merger company amounted to $590,452 thousand and $612,238 thousand, respectively.

F. Fair value of financial instrument

(a) Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of non-financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or the fair values cannot be reliably measured.

(b) Valuation techniques and assumptions used fair value measurement

Financial assets at fair value through profit or loss and financial assets at fair value through OCI is categorized under level 1 fair value.

The listed stocks, beneficiary certificates and global depositary receipts held by the Group are measured at fair value according to standard provision and conditions; the fair value is measured using the quoted price in an active market.

Financial instruments without an active market held by the Group are measured at fair value according to the market approach; the fair value is assessed by using the price-equity ratio and price-earnings ratio of the competitors.

(c) Fair value measurements recognized in the consolidated balance sheet

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Fair value on a recurring basis				
Financial assets at fair value through profit or loss				
Stock	$ -	$ -	$ 39,169	$ 39,169

December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets at fair value through OCI				
Stock	$ -	$ -	$ -	$ -

December 31, 2021	Level 1	Level 2	Level 4	Total
Assets				
Fair value on a recurring basis				
Financial assets at fair value through profit or loss				
Stock	$ -	$ -	$ 49,869	$ 49,869
Financial assets at fair value through OCI				
Stock	$ -	$ -	$ -	$ -

There was no transfer of measurements of fair value in the Group for the years ended in 2022 and 2021.

(26) Earnings per share

	2022	2021
Basic earnings per share		
Net income available to common shareholders	$ 263,739	$ 68,652
Weighted average number of common shares outstanding used in the computation of basic EPS (in thousand)	82,361	82,361
Basic earnings per share (dollar)	$ 3.20	$ 0.83
Diluted earnings per share		
Net income available to common shareholders	$ 263,739	$ 68,652
(Continued)		
Weighted average number of common shares outstanding used in the computation of basic EPS (in thousand)	82,361	82,361
Effects of all dilutive potential common shares (in thousand)		
Employees compensation	1,039	292
Weighted average number of common shares used in the computation of diluted EPS (in thousand)	83,400	82,653
Diluted EPS (in dollars)	$ 3.16	$ 0.83

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonus 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.

(27) Non-cash transaction

Investing and financing activities which were not listed in the statement of cash flows for the years ended in 2022 and 2021 were as follows:

A. Financing activities that will not have effect on cash flows

	December 31, 2022	December 31, 2021
Current portion of long-term loans payable	$ 71,476	$ 117,940

B. Investing activities of property, plant and equipment

	2022	2021
Additions of property, plant and equipment	$ (158,393)	$ (62,665)
Changes in other notes payables	44,084	(3,522)
Changes in other accounts payables	(4,891)	3,802
Capitalized interests	1,634	84
Payments for acquisition of property, plant and equipment	$ (117,566)	$ (62,301)

C. Investing activities of intangible assets

	2022	2021
Additions of intangible assets	$ (3,902)	$ (715)
Prepayments for equipment	3,074	-
Payments for acquisition of intangible assets	$ (828)	$ (715)

7. Related-party transactions

Intercompany balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of significant transactions between the Group and other related parties:

(1) Related party name and categories

Related Party Name	**Related Party Categories**
Wada Technology Co., Ltd	Others
Chia Cherng Industry Co., Ltd	Others
Panel Trading Co., Ltd.	Others
Hor Jing Corp.	Others
VESSI Footwear LTD.	Others
Win Tech Worldwide Co. LTD.	Others
Wang, Hong-Rong	Others
Wu, Li Hsueh	Others
Chen Wu, Li Show	Others

(2) Operating revenue

Accounts	Category	2022	2021
Operating revenue	Other related party	$ 108,814	$ 175,035

The sales price to related parties was determined based on normal market terms. The collection terms for related parties were 30 to 120 days after monthly closing.

(3) Purchases

	2022	2021
Others	$ 2,263	$ —

The purchase prices to related parties was determined based on normal market terms. The payment terms for related parties were 30 days after monthly closing.

(4) Accounts receivable-related parties

Accounts	Category	December 31, 2022	December 31, 2021
Notes receivables	Others	$ 37	$ 741
Accounts receivables	Others	$ 13,634	$ 28,120
Other accounts receivables	Others	$ 130	$ 82

The Group had no insurance for those outstanding accounts receivables from related parties.

(5) Lease agreements

Accounts	Category	December 31, 2022	December 31, 2021
Lease liability	Others	$ –	$ 1,094

Accounts	Category	2022	2021
Interest expense	Others	$ 8	$ 26

(6) Other

A. Guarantee deposits (recognized as other noncurrent assets)

	December 31, 2022	December 31, 2021
Others	$ 220	$ 220

(7) Directors, supervisors, and the management's remuneration

Directors, supervisors, and the management's remuneration were as follows:

	2022	2021
Short-term benefits	$ 35,741	$ 26,881
Post-employment benefits	630	587
	$ 36,371	$ 27,468

The compensation to directors and other key management personnel were determined by the compensation committee of the Group in accordance with the individual performance and market trends.

8. Assets Pledged as Collateral

Assets	Purposes	December 31, 2022	December 31, 2021
Land	Long-term and short-term loans	$ 642,154	$ 642,154
Buildings	Long-term and short-term loans	224,153	231,756
Machinery equipment	Long-term loans	4,007	5,348
Noncurrent assets held for sale (Land and property)	Long-term and short-term loans		268,562
Financial assets at amortized cost －current	Custom duty deposits	1,200	1,200
		$ 871,514	$ 1,149,020

9. Significant Contingencies and Unrecognized Contract Commitments

(1) For the purpose of purchasing materials, the amount of the L/C of the Group had issued but not yet used were $703 thousand and $69,528 thousand for the years ended in 2022 and 2021.

(2) The Group had signed contracts regarding to the purchase of equipment which were not recognized in were $109,492 thousand and $31,793 thousand for the years ended in 2022 and 2021.

(3) As of December 31, 2022 and 2021, the Group had signed an unfinished construction amounted to $ 24,039 thousand and $109,921 thousand.

10. Significant Disasters Loss: None

11. Significant Subsequent Events

(1) GRAND AND GREAT CORPORATION LIMITED increased its capital by cash of $10.5 million by approval of the shareholders' meeting on August 19, 2022 and the effective base date was January 4, 2023. Due to non-proportional investment in an investee's capital increase, the percentage of ownership decreased from 4.44% to 3.33%.

(2) The Group's subsidiary, Shoetex corporation increased its capital by cash by approval of board of directors on March 13, 2023 and the effective base date was March 21, 2023. On March 17, 2023, the Company's board of directors resolved to exercise its subscription rights in accordance with its shareholding percentage for the capital increase of its subsidiary, Shining Shoe Technology Co., Ltd. If there is any shortfall in the subscription of the capital increase by the subsidiary, the Company may subscribe to the remaining shares.

12. Others: None.

13. Other Disclosures

(1) Information on significant transactions and (2) investees

A. Loans to other parties: None

B. Guarantees and endorsements for other parties: None

C. Securities held as of December 31, 2022 (excluding investment in subsidiaries): Please refer to Table 1.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

F. Disposal of real property with transaction amount reaches 20% or more of capital surplus, or NT$ 300 million, please refer to Table 2

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

I. Trading in derivative instruments: None.

J. Business relationships and significant intercompany transactions: Please refer to Table 3.

K. Information of investees: Please refer to Table 4.

(3) Information on investment in Mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 5.

B. Any of the following significant transactions with investee companies in the mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

(a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None

(b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None

(c) The amount of property transactions and the amount of the resultant gains or losses: None.

(d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

(e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

(f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

(4) Major shareholders: The information on major shareholders who hold 5 percent, please refer to Table 6.

14. Segment information

(1) Operation

The Group has four segments, including coating and lamination, polymer, TPU and sports. The segment of coating and lamination were mainly for manufacturing; the segment of TPU were mainly for manufacturing of PU resin for shoes, coating and lamination, hardener, and Thermoplastic Polyurethane (TPU) and sales of photo initiators and the main business for production line of finished shoes were mainly from sales of sports shoes and manufacturing.

The Group's unallocated expenses or nonrecurring expenses should allocate to the segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4. The profit or loss for the operating department was measured by operating income or loss before tax and it is the base to evaluate the performance.

(2) Segment information

The Group's operating segment information and reconciliations were as follows:

2022	Coatings	Polymer	TPU	Finished goods of shoes	Others	Reconciliation and elimination	Total
External revenue	$1,137,143	$ 703,436	$ 227,342	$ 118,720	$ -	$ -	$2,186,641
Inter-segment revenue	$ 6,481	$ 441,582	$ 77,609	$ -	$ -	$(525,672)	$ -
Reportable segment operating income (loss)	$ 44,088	$ 65,607	$ (21,599)	$ (15,306)	$189,685	$ 9,699	$ 272,174

2021	Coatings	Polymer	TPU	Finished goods of shoes	Others	Reconciliation and elimination	Total
External revenue	$1,089,278	$ 578,160	$ 170,323	$ 175,728	$ -	$ -	$2,013,489
Inter-segment revenue	$ 5,153	$ 428,315	$ 45,414	$ -	$ -	$(478,882)	$ -
Reportable segment operating income (loss)	$ 69,621	$ 49,857	$ (23,766)	$ 1,818	$ 6,059	$ (12,583)	$ 91,006

(3) Information by product and service.

The Group has operating activities only in Taiwan.

(4) Information on major customers

Information of single customers whose revenue comprised up to 10% of the Group's total revenue:

	2022	2021
Customer B	$ 258,704	Note

Note: No disclosure of the sales amount with the customer which was less than 10% of the Group's revenue

Table 1

Shuang Bang Industrial Corporation and Subsidiaries
Securities held as of December 31, 2022 (excluding investment in subsidiaries)
December 31, 2022

Name of holder	Category and name of security (note 1)	Relationship with company	Account title	Ending balance (note 2)				Note
				Shares	Carrying amount	Percentage of ownership (%)	Fair value	
Shuang Bang Industrial Corporation	Stock-Nangang Cooperatives for common labors	—	Financial assets at fair value through profit or loss－non-current	200 shares	20	0.42	20	(Note 3)
Shuang Bang Industrial Corporation	Stock-LOYAL SPLENDOR INT'L LTD.(Seychelles)	—	Financial assets at fair value through profit or loss－non-current	540	14,306	18.00	14,306	(Note 3)
Shuang Bang Industrial Corporation	Stock-GRAND AND GREAT CORPORATION LIMITED(Samoa)	—	Financial assets at fair value through profit or loss－non-current	1,400	24,843	4.44	24,843	(Note 3)

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 "Financial instruments. "
Note 2: Refer to the note 6(6) and note 6(7) in consolidated financial statements.
Note 3: The number of shares of securities and were not pledged as security or pledged for loans and their restrictions on use under some agreements.

Table 2

Shuang Bang Industrial Corporation
Disposal of real property with the transaction amount reaches 20 percent or more of paid-in capital, or NT$300 million
For the year ended December 31, 2022
(Amounts in Thousand of New Taiwan Dollars, Unless Specified Otherwise)

Seller Company	Property name	Effective date (note 1)	Originally acquisition date	Book Value	Transaction value (note 2)	Received or not	Gains or loss on disposals	Trading partner	Relation	Purposes	Price references	Others
The Group	Land, buildings and additional equipment	2022/03/03	2002/12/26	271,316	461,001	Received	189,685	Shuter Enterprise Co., LTD	None	Long-term strategies	Refer to professional appraisal reports	Sale-leaseback (note 3)

Note 1: The date that finished transferring.
Note 2: Transaction value is equal to the contractual price of land, buildings and equipment amounting to $464,728 thousand less related expenses of $2,337 thousand and VAT tax of $1,390 thousand.
Note 3: For the purpose of moving equipment, the Group leased the property from Shuter Enterprise Co., LTD. The rental fees were calculated by the actual usage days.

Table 3

Shuang Bang Industrial Corporation and Subsidiaries
Business relationship and significant intercompany transactions
For year ended December 31, 2022
(Amounts in Thousand of New Taiwan Dollars, Unless Specified Otherwise)

Number (Note1)	Name of Company	Name of counterparty	Nature of relationship (Note2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note3)
0	Shuang Bang Industrial Corporation	Miracle textile industry Co., LTD.	1	Sales revenue	54,442	-	2.49
				Notes receivables－related party	7,629	Net 120 days	0.31
				Accounts receivables－related party	2,356	Net 120 days	0.10
				Other income	173	-	0.01
0	Shuang Bang Industrial Corporation	Shoetex Corporation	1	Sales revenue	3,630	-	0.17
				Accounts receivables－related party	419	Net 105 days	0.02
				Lease receivables－related party	1,280	-	0.05
				Other accounts payables－related party	1,266	-	0.05
				Other accounts payables－related party	53	-	-
				Direct labor	120	-	0.01
				Selling-entertainment expense	1	-	-
				Administrative-entertainment expense	10	-	-
				Rental income	600	-	0.03
				Other income	461	-	0.02

Note1: Numbers are filled in as follows:

1.0 represents the parent company.

2. Subsidiaries are numbered from 1.

Note 2: Nature of relationship:1. From parent to subsidiary.；2. From subsidiary to parent. 3. Between subsidiaries. Related party transactions are not separately disclosed.

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

Shuang Bang Industrial Corporation and Subsidiaries
Information on investee
For year ended December 31, 2022
(Amounts in Thousand of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main business	Original investment amount		Balance as of December 31, 2022			Net income (loss) of the investees (note 2)	Share of Profits/Losses of Investee (Note 2)	Note
				December 31, 2022	December 31, 2021	Shares (in thousand)	Percentage of ownership %	Carrying value			
Shuang Bang Corporation	SHUANG BANG INDUSTRIAL CORP.(BVI)(Note 1)	BVI	Investment	-	62,488	-	-	-	-	-	-
Shuang Bang Corporation	Miracle textile industry Co., LTD.	Taiwan	Manufacturing of coatings	22,517	22,517	2,225	44.50	21,124	(4,142)	(1,843)	Subsidiary
Shuang Bang Corporation	Shoetex Corporation	Taiwan	Manufacturing of finished shoes	54,600	54,600	5,460	62.47	31,796	(12,515)	(7,818)	Subsidiary

Note1: The Group has short form merger with the subsidiary, Shuang Bang Industrial Corp. (BVI) and set November 30, 2022 as effective base date.

Note2: Recognized based on the financial statements audited by certified public accountants.

Table 5

Shuang Bang Industrial Corporation and Subsidiaries
Information of investment in Mainland China
For year ended December 31, 2022
(Amounts in Thousand of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 3)	Investment flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of Balance as of December 31, 2022(Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
-	-	-	-	-	-	-	-	-	-	-	-	-

Accumulated Investment in Mainland China as of S December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 1)
24,849	24,849	795,550

Note1: The net value of the stocks on the balance sheet date by 1,325,917 thousand * 0.6 = 795,550 thousand dollars.

Note2: The above amounts were translated into New Taiwan dollars at the prevailing exchange rate as of December 31, 2022, except for the original investment.

Note3: The Group did not have any investments in Mainland China currently.

Table 6

Shuang Bang Industrial Corporation
Information of major shareholders
December 31, 2022

Shareholders	Shares	
	Total shares owned	Ownership percentage
Chang, Chung-Tung	6,479,434	7.86%
Chen, A-Ming	4,998,802	6.06%

Note1：The main shareholder information in this table was calculated by the insurance company Taiwan Depository & Clearing Corporation (TDCC) on the last business day at the end of each quarter, the total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the Group without physical registration has reached more than 5%. As for the share capital recorded in the Group's financial report and the number of shares actually delivered by the Group without physical registration, there may be differences due to the different calculation basis.

Stock Code:6506

Shuang-Bang Industrial Corporation
Parent Company Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

Table of contents

Contents	Page

Independent Auditors' Report

To the Board of Directors of Shuang-Bang Industrial Corporation.

Opinion

We have audited the accompanying parent company only balance sheets of Shuang-Bang Industrial Corporation. (the "Company") as of December 31,2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31 2022 and 2021, and the notes to the parent company only financial statements, (including a summary of significant accounting policies).

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the parent company as of December 31,2022 and 2021, and its financial performance and cash flows year ended December 31,2022 and 2021, in accordance with requirements of the Regulations Governing the Preparations 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 the further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Shuang-Bang Industrial Corporation in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2022 is stated as follows:

<u>Allowance for losses on Accounts Receivable</u>

The management's judgment on the recognition of allowance for losses on accounts receivable is based on the evaluation of both internal and external information, as such, it was one of the key audit matters for our audit. Therefore, our principal audit procedures included testing the effectiveness of controls related to accounts receivable, obtaining the ledgers and records, selecting samples for obtaining confirmation letters; obtaining aging analysis of accounts receivable and verifying the accuracy of relevant documents and the aging intervals, reviewing the provision for bad debts on the ledger to ensure that it is provided based on the loss rate, and evaluating whether management's recognition of impairment losses on accounts receivable is correct.

Please refer to Note 4 “Summary of significant accounting policies－Accounts receivables”, Note 6(3) in notes to the parent company only financial statements for.

<u>Valuation of inventories</u>
Inventories are stated at the lower of cost and net realizable value. However, the rapid evolution of technology and the fluctuation of market may lead to obsolescence and render products unmarketable. As inventory must be measured at the lower of cost and net realizable value, management must assess the amount of inventory on the balance sheet date that is impaired due to normal wear and tear, obsolescence or lack of market sales value, and write down the inventory costs to net realizable value. The inventory valuation is mainly based on past experience and estimated future product demand. Therefore, the auditor pays particular attention to whether the company complies with International Accounting Standards 2 (IAS2) in measuring inventory at the lower of cost and net realizable value and whether management's provision for inventory write-downs is reasonable.

The audit procedures performed by the auditor include:

1. Testing the age of inventory on the balance sheet date, and comparing the provision for inventory obsolescence with the previous year, analyzing the reasons for differences, and checking the relevant data used to calculate the provision for inventory write-downs, and comparing the historical provision with the actual offsetting differences.

2. On a sample basis, comparing the latest actual selling price of inventory at the end of the period with its book value to ensure whether the inventory has been evaluated at the lower of cost and net realizable value.

3. Comparing the ending inventory balance on the end of the year with the inventory details for the current year to verify the existence and completeness of inventory in the end of the year. By observing annual physical counts of goods, the auditors assess the reasonableness of the amount of allowance for inventory write-down.

Please refer to Note 4 “Summary of significant accounting policies－Inventories”, Note 6(4) in notes to the parent company only financial statements.

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditors' Responsibilities for the Audit of the Parent company only Financial Statements

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

As part of an audit in accordance with the 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the directions, supervision and performance of the Company 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 parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jim Chen Ko and Tzu Yang Wang.

Weyong International CPAs&Co.

Taichung, Taiwan (Republic of China)
March 17, 2023

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only 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 parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

Shuang-Bang Industrial Corporation
Parent-company-only Balance Sheets
(In thousands of New Taiwan Dollars)
December 31, 2022 and 2021

Codes	Assets	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 75,938	3.24	$ 40,583	1.68
1137	Financial assets at amortized cost -current	6(2)	900	0.04	900	0.04
1150	Notes receivables, net	6(3)	83,065	3.55	84,775	3.50
1152	Other notes receivables	6(3)	35	-	465	0.02
1160	Notes receivable from related parties, net	6(3), 7	7,666	0.33	14,721	0.61
1170	Accounts receivables, net	6(3)	329,211	14.04	312,653	12.91
1180	Accounts receivables from related parties, net	6(3), 7	11,256	0.48	14,061	0.58
1199	Finance lease receivables from related parties	7	1,280	0.05	1,280	0.05
1200	Other receivables		201	0.01	85	-
1210	Other receivables from related parties	7	1,266	0.05	1,457	0.06
130X	Inventory	6(4)	302,196	12.89	335,779	13.86
1460	Noncurrent assets held for sale, net	6(5)	-	-	271,316	11.20
1470	Other current assets		23,051	0.98	18,630	0.77
11XX	**Total current assets**		836,065	35.66	1,096,705	45.28
	Non current assets					
1510	Financial assets at fair value through profit or loss -non-current	6(6)	39,169	1.67	10,882	0.45
1517	Financial assets at fair value through other comprehensive income -non-current	6(7)	-	-	-	-
1550	Investments accounted for using equity method	6(8)	52,920	2.26	106,144	4.38
1600	Property, plant and equipment	6(9)	1,259,534	53.72	1,123,728	46.39
1755	Right-of-use assets	6(10)	8,019	0.34	9,174	0.38
1780	Intangible assets	6(11)	5,583	0.24	5,149	0.21
1840	Deferred income tax assets	6(24)3	23,058	0.99	23,730	0.98
1900	Other noncurrent assets	6(12), 7	120,089	5.12	46,780	1.93
15XX	**Total noncurrent assets**		1,508,372	64.34	1,325,587	54.72
1XXX	**Total assets**		$ 2,344,437	100.00	$ 2,422,292	100.00

(Continued)

Shuang-Bang Industrial Corporation
Parent-company-only Balance Sheets
(In thousands of New Taiwan Dollars)
December 31, 2022 and 2021

			December 31, 2022		December 31, 2021	
Codes	Liabilities and Equity	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(13)	$ 106,526	4.54	$ 224,225	9.26
2151	Notes payables	6(14)	322	0.01	17,480	0.72
2152	Other notes payables	6(14)	48,133	2.05	4,040	0.17
2170	Accounts payables	6(14)	173,809	7.41	195,644	8.08
2200	Other accounts payables	6(15)	132,437	5.65	106,453	4.39
2220	Other accounts payables from related parties	6(15), 7	53	-	4	-
2230	Income tax payables		25,460	1.09	18,025	0.74
2250	Provision for warranty obligations-current	6(16)	10,528	0.45	8,309	0.34
2281	Lease liabilities from third parties	6(10)	4,396	0.19	4,141	0.17
2282	Lease liabilities from related parties	6(10), 7	-	-	1,094	0.05
2300	Other current liabilities	6(17)	2,867	0.12	56,171	2.32
2322	Current portion of long-term loans payable	6(18)	66,231	2.83	112,945	4.66
21XX	**Total current liabilities**		570,762	24.34	748,531	30.90
	Non-current liabilities					
2540	Long-term loans	6(18)	416,571	17.77	416,158	17.18
2570	Deferred income tax payable	6(24)3	4,288	0.18	4,722	0.20
2581	Lease liabilities from third parties -non current	6(10)	4,812	0.21	5,143	0.21
2630	Long-term deferred revenue		1,875	0.08	2,557	0.11
2640	Net defined benefit liabilities -non current	6(20)	19,459	0.83	32,780	1.35
2645	Guarantee deposits		753	0.03	459	0.02
25XX	**Total noncurrent liabilities**		447,758	19.10	461,819	19.07
2XXX	**Total liabilities**		1,018,520	43.44	1,210,350	49.97
	Equity					
3100	Capital Stock	6(21)1				
3110	Common stock		823,608	35.13	823,608	34.00
3200	Capital surplus	6(21)2	10,552	0.45	51,718	2.13
3300	Retained earnings					
3310	Appropriated as legal capital reserve		141,662	6.04	134,181	5.54
3320	Appropriated as special capital reserve		4,369	0.19	1,663	0.07
3350	Unappropriated earnings	6(21)3	345,726	14.75	205,141	8.47
3400	Others		-	-	(4,369)	(0.18)
3XXX	**Total equity**		1,325,917	56.56	1,211,942	50.03
	Total		$ 2,344,437	100.00	$ 2,422,292	100.00

The accompanying notes are an integral part of the parent company only financial statements.

Shuang-Bang Industrial Corporation
Parent-company-only Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(In thousands of New Taiwan Dollars, except for earnings per share)

Codes	Items	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	**Operating revenues**	6(22), 7	$ 1,981,438	100.00	$ 1,728,909	100.00
5000	**Cost of revenues**	7	(1,669,377)	(84.25)	(1,497,195)	(86.60)
5900	**Gross profit**		312,061	15.75	231,714	13.40
5910	Unrealized gain from sale		(7,717)	(0.39)	(9,700)	(0.56)
5920	Realized gain from sale		7,636	0.39	10,056	0.58
5950	Gross profit		311,980	15.75	232,070	13.42
	Operating Expenses					
6100	Sales and marketing	7	(85,313)	(4.31)	(72,605)	(4.20)
6200	General and administrative	7	(97,176)	(4.90)	(62,176)	(3.60)
6300	Research and development		(24,713)	(1.25)	(28,101)	(1.62)
6450	Expected credit gain(loss)		1,068	0.05	(960)	(0.06)
6000	**Total operating expenses**		(206,134)	(10.41)	(163,842)	(9.48)
6900	Operating income		105,846	5.34	68,228	3.94
	Non-operating income and expenses					
7010	Other income	6(23)1, 7	7,771	0.39	17,614	1.02
7020	Other gains and loss	6(23)2	185,536	9.37	(8,921)	(0.51)
7050	Finance costs	6(23)4, 7	(6,805)	(0.34)	(8,572)	(0.50)
7070	Share of profits of associates	6(8)	(9,653)	(0.49)	12,616	0.73
7100	Interest income		257	0.01	23	-
7000	**Total non-operating income and expenses**		177,106	8.94	12,760	0.74
7900	**Income before tax**		282,952	14.28	80,988	4.68
7950	**Less: Income tax expense**	6(24)1	(19,213)	(0.97)	(12,336)	(0.71)
8200	**Net income**	6(23)	263,739	13.31	68,652	3.97
	Other comprehensive income (loss）					
8310	**Items that will not be reclassified subsequently to profit or loss:**					
8311	Remeasurement of defined benefit obligation	6(20)2(5)	13,217	0.66	(2,553)	(0.15)
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	6(7)	-	-	6,536	0.38
8349	Income tax related to items that will not be reclassified subsequently	6(24)2	(2,643)	(0.13)	511	0.03
8360	**Items that may be reclassified subsequently to profit or loss:**					
8361	Exchange differences arising on translation of foreign operations		4,369	0.22	(1,038)	(0.06)
8399	Income tax related to items that may be reclassified subsequently	6(23)2	-	-	-	-
8300	**Other comprehensive income (loss), net**		14,943	0.75	3,456	0.20
8500	**Total comprehensive income (loss)**		$ 278,682	14.06	$ 72,108	4.17
	Earnings per share	6(27)				
9750	**Basic earnings per share**		$ 3.20		$ 0.83	
9850	**Diluted earnings per share**		$ 3.16		$ 0.83	

The accompanying notes are an integral part of the parent company only financial statements.

Shuang-Bang Industrial Corporation
Parent-company-only Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(In thousands of New Taiwan Dollars)

Item	Codes			Retained earnings				Total other equity interest			
		Capital Stock-Common stock 3110	Capital Surplus 3200	Legal reserve 3310	Special Reserve 3320	Unappropriated retained earnings 3350	Total 3300	Exchange differences on translation of foreign financial statements 3410	Unrealized gains(loss) on financial assets measured at fair value through other comprehensive income 3420	Total 3400	Total equity 3XXX
Balance on January 1, 2021	A1	$ 823,608	$ 51,669	$ 128,264	$ -	$ 203,796	$ 332,060	$ (3,331)	$ 1,668	$ (1,663)	$ 1,205,674
Appropriations of earnings of legal reserve	B1	-	-	5,917	-	(5,917)	-	-	-	-	-
Appropriations of earnings of special reserve	B3	-	-	-	1,663	(1,663)	-	-	-	-	-
Cash dividends	B5	-	-	-	-	(65,889)	(65,889)	-	-	-	(65,889)
Changes in capital surplus	C17	-	49	-	-	-	-	-	-	-	49
Net income for the year	D1	-	-	-	-	68,652	68,652	-	-	-	68,652
Other comprehensive income(loss) for the year	D3	-	-	-	-	(2,042)	(2,042)	(1,038)	6,536	5,498	3,456
Total comprehensive income(loss)	D5	-	-	-	-	66,610	66,610	(1,038)	6,536	5,498	72,108
Disposal of investments in equity instruments designated at fair value through other comprehensive income	Q1	-	-	-	-	8,204	8,204	-	(8,204)	(8,204)	-
Balance on December 31, 2021	Z1	823,608	51,718	134,181	1,663	205,141	340,985	(4,369)	-	(4,369)	1,211,942
Appropriations of earnings of legal reserve	B1	-	-	7,481	-	(7,481)	-	-	-	-	-
Appropriations of earnings of special reserve	B3	-	-	-	2,706	(2,706)	-	-	-	-	-
Cash dividends	B5	-	-	-	-	(123,541)	(123,541)	-	-	-	(123,541)
Cash distributed from capital surplus	C15	-	(41,180)	-	-	-	-	-	-	-	(41,180)
Changes in capital surplus	C17	-	14	-	-	-	-	-	-	-	14
Net income for the year	D1	-	-	-	-	263,739	263,739	-	-	-	263,739
Other comprehensive income(loss) for the year	D3	-	-	-	-	10,574	10,574	4,369	-	4,369	14,943
Total comprehensive income(loss)	D5	-	-	-	-	274,313	274,313	4,369	-	4,369	278,682
Balance on December 31, 2022	Z1	$ 823,608	$ 10,552	$ 141,662	$ 4,369	$ 345,726	$ 491,757	$ -	$ -	$ -	$ 1,325,917

The accompanying notes are an integral part of the parent company only financial statements.

Shuang-Bang Industrial Corporation
Parent-company-only Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(In thousands of New Taiwan Dollar)

Codes	Items	2022	2021
AAAA	**Cash flows from operating activities:**		
A10000	**Income before income tax**	$ 282,952	$ 80,988
A20000	**Adjustments for:**		
A20010	Adjustments to reconcile profit/(loss)		
A20100	Depreciation expense	73,768	79,774
A20200	Amortization expenses	3,468	3,786
A20300	Expected credit (reversed gain) loss	(1,068)	960
A20400	Net loss(profit) on financial assets at fair value through profit or loss	18,077	51
A20900	Interest expense	6,627	8,380
A21200	Interest income	(257)	(23)
A21300	Dividend revenue	-	(257)
A22400	Share of loss(profit) of subsidiaries, associates and joint ventures accounted for using equity method	9,653	(12,616)
A22500	Loss (gain) on disposal or retirement of property, plant and equipment	(190,010)	10,483
A23700	Reversal of impairment loss recognized in profit or loss, non-financial assets	(476)	(689)
A23900	Unrealized gain from sales	7,717	9,700
A24000	Realized gain from sales	(7,636)	(10,056)
A24100	Unrealized loss(gain) on foreign exchange	2,081	(334)
A29900	Others (government grants)	(682)	(682)
A20010	**Total adjustments to reconcile profit(loss)**	(78,738)	88,477
A30000	Changes in operating assets and liabilities:		
A31000	Changes in operating assets		
A31130	Decrease (Increase) in accounts receivable	8,765	(43,069)
A31150	Increase in accounts receivable	(14,610)	(104,380)
A31180	Decrease (Increase) in other receivables	75	(468)
A31200	Decrease (Increase) in inventories	33,583	(110,929)
A31240	Increase in other current assets	(4,421)	(10,992)
A31990	Decrease (Increase) in other operating assets	430	(2,061)
A31000	**Total changes in operating assets**	23,822	(271,899)
A32000	Changes in operating liabilities		
A32130	Decrease (Increase) in notes payable	(17,158)	8,596
A32150	Decrease (Increase) in accounts payable	(21,268)	69,211
A32180	Increase in other payables	30,980	21,030
A32200	Increase (Decrease) in provisions	2,219	(70)
A32230	Decrease (Increase) in other current liabilities	(53,330)	54,602
A32240	Decrease in net defined benefit liability	(104)	(115)
A32000	**Total changes in operating liabilities**	(58,661)	153,254
A30000	**Total changes in operating assets and liabilities**	(34,839)	(118,645)
A20000	**Total adjustments**	(113,577)	(30,168)
A33000	Cash flow generated from operations	169,375	50,820
A33100	Interest received	257	23
A33300	Interest paid	(9,343)	(8,890)
A33500	Income tax paid	(14,184)	(10,968)
AAAA	**Net cash flows generated by (used in) operating activities**	146,105	30,985

(Continued)

Shuang-Bang Industrial Corporation
Parent-company-only Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(In thousands of New Taiwan Dollar)

Codes	Items	2022	2021
BBBB	**Cash flows from investing activities**		
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	-	12,155
B00030	Proceeds from capital return of financial assets at fair value through other comprehensive income	-	882
B00100	Acquisition of financial assets at fair value through profit or loss	(2,854)	-
B02700	Acquisition of property, plant and equipment	(116,283)	(58,667)
B02800	Proceeds from disposal of property, plant and equipment	461,901	827
B03700	Increase in refundable deposits	(2,100)	-
B03800	Decrease in refundable deposits	-	1,308
B04500	Acquisition of intangible assets	(828)	(300)
B05000	Cash received through merger	45	-
B06000	Long-term Lease payments receivable	1,920	1,920
B06800	Decrease in other noncurrent assets	(4)	278
B07100	Increase in prepayments for business facilities	(120,916)	(27,512)
B07600	Dividends received	4,450	257
BBBB	**Net cash flow generated by (used in) investing activities.**	225,331	(68,852)
CCCC	**Cash flows from financing activities**		
C00100	Increase in short-term loans	624,098	683,153
C00200	Decrease in short-term loans	(741,805)	(495,247)
C01600	Proceeds from long-term bank loans	80,000	-
C01700	Repayment of long-term bank loans	(126,302)	(102,016)
C03100	Decrease in guarantee deposits	294	449
C04020	Repayment of the principal portion of lease liabilities	(6,814)	(6,819)
C04500	Cash dividends	(164,721)	(65,889)
C09900	Others	14	49
CCCC	**Net cash flow generated by (used in) financing activities**	(335,236)	13,680
DDDD	**Effect of exchange rate changes on cash and cash equivalents**	(845)	(7)
EEEE	**Net increase(decrease) in cash and cash equivalents**	35,355	(24,194)
E00100	Cash and cash equivalents, beginning of the year	40,583	64,777
E00200	Cash and cash equivalents, end of the year	$ 75,938	$ 40,583
E00210	Cash and cash equivalents on parent company only balance sheets	$ 75,938	$ 40,583

The accompanying notes are an integral part of the parent company only financial statement.

Shuang Bang Industrial Corporation
Notes to Parent-Company-Only Financial Statements
For the years ended December 31, 2022 and 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Company History

Shuang Bang Industrial Corporation (the Company) was incorporated on November 17, 1989. The Company is mainly engaged in manufacturing of PU resin for shoes, coating and lamination, hardener, and Thermoplastic Polyurethane (TPU) as well as the sales of photoinitiators. The Company's stock has been listed on the Taipei Exchange (TPEx) since May 3, 2011. The registered address main operational base of the Company are located at No. 3, Yongxing Road, Nantou City, Nantou County.
The financial statements of this entity are expressed in the functional currency of the Company, which is New Taiwan Dollars.

2. Approval date and procedures of the financial statements

The accompanying parent-company-only financial statements were approved and authorized for issue by the Board of Directors on March 17, 2023.

3. New standards, amendments and interpretations adopted

(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, "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 did not have a significant impact on the accounting policies of Shuang Bang Industrial Corporation

(2) The IFRS issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

- Note1: The amendments will be applied for annual reporting periods beginning on or after January 1, 2023.
- Note2: The amendments will apply to changes in accounting estimates and accounting policies that occur on or after January 1, 2023.
- Note3: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will apply to transactions that occur on or after January 1, 2022.

As of the date the accompanying parent-company-only financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases liability measurement in sale and leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17-Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

- Note1: Unless stated otherwise, the above New IFRSs will be effective for annual reporting periods beginning on or after their respective effective dates.
- Note2: The seller and lessee shall apply the amendments of IFRS 16 retroactively to the sale and leaseback transactions signed after the date of initial application of IFRS 16.

As of the date the accompanying parent-company-only financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Accounting Standards Used in Preparation of the Parent Company Only Financial Statements").

(2) Basis of preparation

The accompanying parent company only financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss 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 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:

A. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

B. Level 2 fair value measurements are those derived from 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); and

C. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When preparing its parent company only financial statements, the Company used equity method to account for its investment in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to investments accounted for by equity method, share of profit or loss of subsidiaries and associates, as appropriate, in the parent company only financial statements.

(3) Foreign currencies

The financial statements of each individual consolidated entity were expressed in the currency which reflected its primary economic environment (functional currency). In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (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. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

All exchange differences arising on the settlement of monetary items, on translating monetary items or on translating previous financial statements are taken to profit or loss in the period in which they are arising.

Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

For the purpose of presenting parent company only financial statements, the functional currencies of the Company and the Group (including subsidiaries and associates that use currency 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; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income and accumulated recognized under Exchange differences arising on translation of foreign operations.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

A. It is expected to be realized within twelve months after the reporting period;

B. It is held primarily for the purpose of trading; or

C. The asset is cash or cash equivalent, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than twelve months after the balance sheet date.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

A. It is due to settled within twelve months after the reporting period;

B. It is held primarily for the purpose of trading; or

C. The Company does not have unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash in bank, and time deposits with maturities of less than three months. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(6) Inventory

Inventories comprise raw materials, materials, finished goods, semi-finished goods, work in progress and products. Inventories are stated at the lower of cost and net realizable value, which represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The cost of inventories is based on weighted-average costing. Fixed production overheads are those indirect costs of production that remain relatively constant regardless of the volume of production. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. When actual production exceeds normal operating capacity, fixed overheads should be amortized by the actual operating capacity. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

(7) Investments in subsidiaries

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

Under the equity method, the investment in a subsidiary is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary. Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are 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 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, 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 if the Company had directly disposed of the related assets or liabilities.

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

(8) Non-current assets held for sale

Non-current assets that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Noncurrent assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation would cease.

(9) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Original costs shall include the purchase price, any costs incurred directly attributable to bringing the asset to the site and working condition for its intended use and borrowing costs eligible for capitalization under IAS 23 requirements. If eligible for recovering, estimated cost of dismantling and removing the asset and restoring the site in the future shall be included into the original costs.

The carrying amount of an item of property, plant, and equipment will include the cost of replacing the part of such an item when the cost is incurred if the recognition criteria (future benefits and measurement reliability) are met. The carrying amount of those parts that are replaced shall be derecognized. Repairs and maintenance costs are expensed through profit and loss.

Depreciation shall be recognized when the assets are available for their intended use and so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method mainly over the estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(10) Leases

A. Identify a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To access whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

(b) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

(c) the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
- the relevant decisions about how and for what purpose the asset is used are predetermined and:
  - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
  - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

When the lease is established or the contract is reassessed whether consists of lease, the Company allocates the consideration in the contract to individual lease components on the basis of respective individual prices.

B. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the end of the useful life of the right-of-use asset or the end of the lease term, whichever is earlier. In addition, the Company performs periodic impairment tests on the right-of-use assets and recognizes any impairment losses incurred. The right-of-use assets are adjusted accordingly in case of remeasurement of lease liabilities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company’ s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments, including in-substance fixed payments;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(d) there is a change of its assessment on whether it will exercise an extension or termination option; or

(e) there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office and transportation equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

C. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Asset under financing lease is recognized on a net basis as lease receivable. Initial direct costs incurred in negotiating and arranging an operating lease is added to the net investment in the leased asset. Interest income is allocated to each period during the lease term in order to produce a constant periodic rate of interest on the remaining balance of the receivable. The expenditures made under an operating lease are recognized as lease revenue on a straight-line basis over the term of the lease.

(11) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis.

The estimated useful lives, residual values, and amortization methods are reviewed at the end of each year, with the effect of any changes in the estimates accounted for on a prospective basis.

(12) Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible (including property, plant and equipment) and intangible assets for any indication of 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 a corporate asset, the asset is tested for impairment in the context of the cash-generating unit (CGU) to which the asset belongs. If a portion of the carrying amount of the asset can be allocated on a reasonable and consistent basis to the CGU, the Company compares the carrying amount of the CGU, including the portion of the asset's carrying amount allocated to the CGU, with the recoverable amount of the CGU to which the asset belongs. If this reasonable and consistent basis of allocation cannot be applied to the CGU to which the asset belongs and can be applied instead to the smallest group of CGUs to which the CGU belongs, this smallest group is used for impairment testing.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 corresponding asset, cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

(13) Provision

If the consolidated company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated, a provision for the liability is recognized.

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation and reflects the present value of expenditures required to settle the obligation where the time value of money is material. Moreover, possible gains on sale of assets should be ignored measuring a provision.

(14) Employee benefits

A. Short-term employee benefits

The undiscounted amount of the benefits expected to be paid and recognized as an expense in respect of service rendered by employees in an accounting period is recognized in that period, unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset.

B. Retirement benefits

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

For defined benefit retirement benefit plans, the cost of providing benefit is recognized based on actuarial calculations. Defined benefit costs under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost, and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets, is recognized in other comprehensive income in the period in which they occur. Net defined benefit liability represents the present value of define benefit plan less the fair value of plan assets.

(15) Financial instruments

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

Financial assets are initially recognized at fair values through profit or loss, in other comprehensive income, measured at amortized cost, notes and account receivables or other accounts receivables in accordance with IFRS 9 and the Regulations. All regular way purchases or sales of financial assets and liabilities are recognized on a settlement date basis.

Transaction costs that are directly attributable to the acquisition or issue 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.

<u>Financial Assets</u>

A. Category of financial assets and measurement

a. Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or fair value through other comprehensive income are measured at FVTPL, including derivative financial assets. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

b. Fair value through other comprehensive income (FVTOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. The cumulative gain or loss will not be reclassified to profit or loss on the disposal of the equity investments; instead, they will be transferred to retained earnings.

Debt instrument investments that meet two of the following conditions should be recognized as FVTOCI:

(a) Holds the financial assets within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

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

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment gains or losses on investments in debt instruments at FVTOCI are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when these debt instruments are disposed.

c. Financial assets measured at amortized cost – current, meaning all of the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

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

These assets are subsequently measured at amortized cost, which is the amount measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Any gain or loss on derecognition is recognized in profit or loss.

d. Notes and accounts receivables, other receivables

Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services, other accounts receivables are not included.

Notes and accounts receivables, other receivables should be recognized at fair values originally and subsequently measured at amortized cost using effective interest method, less any impairment, except for those receivables with immaterial discounted effect.

B. Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

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

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

c. If the Company neither transfers nor retain substantially all the risks and rewards of ownership of the financial asset but has transferred the control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On partial derecognition of a financial asset, the relative fair value of the partial derecognized financial assets at the transfer date is used to apportion the original book value of the financial assets on a pro-rata basis, to the portion of continual recognition resulted from continual participation and of derecognition. The difference between the carrying amount apportioned to the portion of the derecognized and the sum of the consideration received or receivable from the derecognized and any cumulative gain or loss that had been recognized in other comprehensive income apportioned to the derecognized is recognized as profit or loss under non-operating income and expenses. Any cumulative gain or loss that had been recognized in other comprehensive income is apportioned to the portion of continual recognition and recognition on a pro-rata basis of their fair value or retained earnings.

C. Impairment policy

a. Notes and accounts receivables, other receivables, and contract assets

Loss allowance for notes and accounts receivables, other receivables and contract assets are always measured at an amount equal to lifetime expected credit losses. For the receivable past due over 60 days, the Company determines whether impairment exists by individually assessing customer's operating situation and debt-paying ability. For receivable past due within 60 days, including not past due, the Company measures the loss allowance with impairment occurred in receivable and contract assets for the past year along with available material information for expected losses to make reasonable assessment for impairment of receivable and contract assets. If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and recognized through profit or loss. The reversal shall not result in a carrying amount of receivables and contract assets that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

b. Other financial assets

The Company measures, at each reporting date, the loss allowance for debt instrument investments measured at fair value through other comprehensive income and financial assets measured at amortized cost by assessing reasonable and supportable information including forward-looking information. For the credit risk on a financial asset has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. For the credit risk on a financial asset has increased significantly since the initial recognition, the loss allowance is measured at an amount equal to the lifetime expected credit losses.

Financial liabilities

A. Classification and subsequent measurement

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

a. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on the subsequent measurement including interest paid are recognized in profit or loss.

b. Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

B. Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(16) Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Share-based payment arrangement

Shares for employees are expensed on a straight-line basis over the vesting period, based on the fair value at the grant date and the Company's best estimate of the number expected to ultimately vest, with a corresponding increase in equity- share-based payment and should be recognized as expenses if employees vested on the grant date.

(18) Revenue Recognition

When applying IFRS 15, the Group shall recognize revenue by applying the following steps:

A. Identify the contract with the customer;

B. Identify the performance obligation in the contract;

C. Determine the transaction price;

D. Allocate the transaction price to the performance obligations in the contract; and

E. Recognize revenue when the entity satisfies a performance obligation.

The main contract revenue with the customer is from the sales of coating, resin, hardener, TPU and finished goods of footings, the Company recognize revenue when satisfies a performance obligation. Sales revenue is recognized based on contract price, net of sales returns, volume discounts and estimated sales discounts. Sales discounts and allowances are estimated and provided for based on customer contracts, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The Company recognize sales returns and discounts of coating, resin, hardener, TPU and finished goods of footings as a negative of the revenue and liabilities which based on estimates of feedbacks from customers, historic experience and other reasons.

For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. The period between the Company transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. For a small part of the contracts, the Company has the right to transfer the goods to customers but does not have a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. For part of the contracts where consideration is claimed upon signing the contract, then the Company has the obligation to provide the goods or the services subsequently and contract liabilities should be recognized. the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet the criteria, which is the costs generate or enhance resources of the Company that will be used in satisfying performance obligations in the future; and the costs are expected to be recovered, the Company recognizes these as revenue and expenses when incurred.

<u>Interest income</u>

The interest income generated from the financial assets measured at amortized cost, FVTPL and FVOCI using effective interest method and should be recognized as profit or loss.

<u>Dividend income</u>

Dividend income is recognized in profit or loss on the date which the Company's right to receive payment is established.

(19) Taxation

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

A. Current tax

Current tax is the amount of income taxes payable (recoverable)in respect of the taxable profit (tax loss) for a period. Current tax for current and prior periods is, to the extent that it is unpaid, recognized as a liability, and as an asset to the extent that the amounts already paid exceed the amount due.

Current tax assets and liabilities are measured at the amount expected to be paid to (recovered from) taxation authorities, using the rates or laws that have been enacted or substantively enacted by the balance sheet date.

The additional income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the stockholders' meeting.

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for purchase of machinery equipment, research and development expenses 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 liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rate (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 book values of its assets and liabilities.

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 deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

C. Current and deferred tax for the year

Current and deferred tax 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.

5. Significant accounting Judgments, Assumptions, and the major sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are described in Note 4, the directors are required to make judgments, estimates and assumptions about 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 to be relevant. Actual results may differ from these estimates.

The company will take into account the recent development of the COVID-19 pandemic in our country and its potential impact on the economic environment when estimating relevant significant accounting estimates such as cash flows, growth rates, discount rates, and profitability. The management will continue to review the estimates and underlying assumptions and evaluate that they do not cause significant effects or changes to the merger company's significant accounting estimates. If the estimate revision only affects the current year, it will be recognized in the accounting estimate revision for that year. If the accounting estimate revision affects both the current year and future periods, it will be recognized in the accounting estimate revision for both the current year and future periods.

The Company estimates the net realizable value of inventory for normal waste, obsolescence, and unmarketable items at the end of reporting period and the writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly based on assumptions of future demand within a specific time horizon.

(1) Loss allowance of accounts receivables

The Company has estimated the loss allowance of accounts receivables that is based on the risk of a default occurring and expected credit loss rate. The Company has considered historical experience, current economic conditions, and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments.

The Company recognized impairments of accounts receivables amounted to $32 thousand and $1,100 thousand as of December 31, 2022 and 2021, respectively.

(2) Valuation of Inventories

Inventories are stated at the lower of cost or net realizable value, and the Company uses estimate to determine the net realizable value of inventory at the end of each reporting period. The Company estimates the net realizable value of inventory for normal waste, obsolescence, and unmarketable items at the end of reporting period and the writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly based on assumptions of future demand within a specific time horizon.

As of December 31, 2022 and 2021, the carrying amount of allowance for inventory write-down amounted to $27,192 thousand and $31,864 thousand, respectively.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2022		December 31, 2021	
Cash	$	283	$	321
Checking accounts and demand deposits		75,655		40,262
	$	75,938	$	40,583

The details of the interest rate for bank deposits were as follows:

	December 31, 2022	December 31, 2021
Demand deposits (%)	0.001～0.55	0.001～0.04

(2) Financial assets at amortized costs－current

	December 31, 2022	December 31, 2021
Pledged time deposits	$ 900	$ 900
Interests rate (%)	0.405	0.01

The details of loss allowance of financial assets at amortized costs－current were as follows:

	December 31, 2022	December 31, 2021
Total of carrying amount	$ 900	$ 900
Loss allowance	-	-
Financial assets at amortized costs	$ 900	$ 900

The Company's financial assets at amortized costs－current comprised custom duty deposits, bank loans with a specific purpose and bank deposits with originally due over three months and within one year which cannot be transferred to other category.

The Company's financial assets at amortized costs were pledged as collateral; please refer to note 8.

(3) Accounts and notes receivables, net

	December 31, 2022	December 31, 2021
Notes receivables		
From operating activities	$ 83,065	$ 84,775
Not from operating activities	35	465
	$ 83,100	$ 85,240
Notes receivables from related parties	$ 7,666	$ 14,721
Accounts receivables	$ 329,243	$ 313,753
Less: loss allowance	(32)	(1,100)
	$ 329,211	$ 312,653
Accounts receivables from related parties	$ 11,256	$ 14,061

The credit term on sales to the customers is 30 to 120 days.

The Company applies the simplified approach to provide for its loss allowance used for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all notes and accounts receivable. The expected credit losses on accounts receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience shows that there is no significant difference in the loss patterns of different customer groups, it does not further differentiate the customer groups for the provision matrix and only sets the expected credit loss based on the number of days past due for notes and accounts receivable.

The abovementioned notes receivables which were not from operating were compensation payments by installments for the equipment was recognized as notes receivables and long-term accounts receivables of other noncurrent liabilities, respectively.

Details of allowance of accounts receivables were as follows:

December 31, 2022

	Current	Overdue 1-60 days	Overdue More than 61 days	Total
Total carrying amount	$ 431,228	$ 37	$ －	$ 431,265
Provision for loss allowance	(30)	(2)	－	(32)
Cost after amortization	$ 431,198	$ 35	$ －	$ 431,233

The Company's abovementioned expected credit loss rates were as follows, current rates were 0.009%, rates of due over 1 to 60 days were 4.973% to 8.333% and rates of due over 61 days were 16.739% to 100%.

December 31, 2021

	Current	Overdue 1-60 days	Overdue more than 61 days	Total
Total carrying amount	$ 421,948	$ 5,311	$ 516	$ 427,775
Provision for loss allowance	(132)	(622)	(346)	(1,100)
Cost after amortization	$ 421,816	$ 4,689	$ 170	$ 426,675

The Company's abovementioned expected credit rates loss were as follows, current rate was 0.042%, rates of due over 1 to 60 days were 7.882% to 19.374% and rates of due over 61 days were 63.141% to 100%.

Information of changes in impairments of notes and accounts receivables were as follows:

	2022	2021
Balance on January 1	$ 1,100	$ 140
Add: Impairment loss for the current period, net	-	960
Less: Reversal on impairment loss for the current period, net	(1,068)	-
Balance on December 31	$ 32	$ 1,100

(4) Inventories

	December 31, 2022	December 31, 2021
Merchandises	$ 6,065	$ 15,811
Finished goods	140,936	132,027
Semi-finished goods	14,288	7,370
Work in process	12,206	13,106
Raw materials	98,652	137,723
Merchandises	30,049	29,742
	$ 302,196	$ 335,779

The operating costs relating to inventories amounted to $1,669,377 thousand and $1,497,195 thousand for the year ended in 2022 and 2021, respectively.

The information of write-down of inventories to net realizable value and reversal of write-down of inventories resulting from the increase in net realizable value which were included in the cost of revenue:

	2022		2021	
Reversal of inventory obsolescence for the period (gains)	$	(4,672)	$	1,169

(5) Non-current assets held for sale

	December 31, 2022		December 31, 2021	
Land	$	—	$	254,241
Buildings		—		16,272
Equipment		—		686
Others		—		117
	$	—	$	271,316

For the purposes of promoting performance of real estate, the Company disposed of the land, property and related equipment in No. 198, Chenggong 3rd Rd., Nantou City by approval of the board of directors on November 10, 2021.

The Company's noncurrent assets held for sales amounted to $463 million and had finished the process of transferring in accordance with the agreements on March 3, 2022.

The Company's noncurrent assets held for sales were pledged as collateral for bank loans and secured borrowings, please refer to note 8.

(6) Financial assets at fair value through profit or loss, non-current

	December 31, 2022		December 31, 2021	
	Amount	Ownership %	Amount	Ownership %
Financial assets at fair value through profit or loss, non-current				
Stock:				
Nanyang Cooperatives for common labors	$ 20	0.42	$ 20	0.42
Loyal Splendor Int'l Ltd. (Seychelles)	14,306	18.00	10,862	18.00
Grand And Great Corporation Limited（Samoa）	24,843	4.44	-	-
Total	$ 39,169		$ 10,882	

The Company's financial assets at fair value through profit or loss were not pledged as collateral.

For the purpose of expanding oversea market of TPU, the Company set up a joint venture (Loyal And Great Corporation Limited (Samoa)) with others by approval of board of directors on March 17, 2017 which was planned to set up another new company, estimated to hold 18% of the ownership of Loyal And Great Corporation Limited (Samoa) The new company was registered in Republic of Seychelles on July 19, 2017. The Company invested and paid amounted to USD 180,000 on October 16, 2017 and invested amounted to USD 180,000, USD 90,000 and USD 90,000 on September 1, 2019, September 30, 2020 and October 20, 2022, respectively. As of December 31, 2022, the total investment paid from the Company amounted to USD 540,000.

The Company had a short form merge with its subsidiary, Shuang Bang Industrial Corp. (BVI), please refer to Note 6(8). After the short form merge, its investment company, which is Grand and Great Corporation was held by the Company. As of December 31, 2022, the Company had invested in USD1.4 million in total.

The information of net loss(profit) on financial assets at fair value through profit or loss for the years ended 2022 and 2021 were as follows:

	2022	2021
Loyal Splendor Int'l Ltd. (Seychelles)	$ 590	$ (51)
Grand And Great Corporation Limited（Samoa）	(18,667)	-
	$ (18,077)	$ (51)

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

Equity

	December 31, 2022	December 31, 2021
Listed stocks		
Sunko Inc., Ltd.	$ -	$ -

The Company recognized unrealized gain on investments through other comprehensive income amounted to $6,536 thousand.

Sunko Ink Co., ltd decreased its share capital in December, 2020 and returned $882 thousand to the Company on February, 2021.

The Company recognized dividend income amounted to $250 thousand.

The Company sold its ordinary shares in Sunko Ink Co. at fair value for the year ended December 31, 2021. The related unrealized loss of financial assets at FVTOCI of $8,204 thousand under other equity was transferred to retained earnings.

(8) Investments accounted for using equity method

	December 31, 2022		December 31, 2021	
Investees	Amount	Ownership%	Amount	Ownership%
Shuang Bang Industrial Corp.(BVI)	$ -	-	$ 39,029	100.00
Miracle Textile Industry Co., Ltd.	21,124	44.50	27,425	44.50
Shoetex Corporation	31,796	62.47	39,690	62.47
	$ 52,920		$106,144	

For the purposes of decreasing operating costs and strengthen the business performance and competitiveness, the Company had a short form merger with the Company's subsidiary, Shuang Bang Industrial Corp. (BVI) on November 10, 2022, approved by the board of directors. The effective date was set to be on November 30, 2022. The Company would be the surviving company and Shuang Bang Industrial will be the dissolved company after the merge. The process had been registered in MOEX on February 23, 2023. As of November 30, 2022, the financial information of Shuang Bang Industrial Corp. (BVI) was as follows:

A. The main components of balance sheets:

	November 30, 2022
Assets	
Current assets	$ 8
Noncurrent assets	43,510
Total	43,518
Liabilities	
Current liabilities	-
Noncurrent liabilities	-
Total	-
Net assets	$ 43,518

B. The main components of income statement:

	November 30, 2022
Operating revenue	$ -
Operating costs	-
Operating expenses	(37)
Non-operating revenue and expenses	-
Tax expenses	-
Loss after tax	$ (37)

The Company's subsidiary Miracle Textile Industry Co., Ltd. increased its capital by cash by the approval of the board of directors on January 10, 2017 and set January 17, 2017 as effective base date and had been registered on MOEX on February 3, 2017. Due to non-proportional investment in an investee's capital increase, the percentage of ownership decreased from 55.92% to 44.50%.

The Company's subsidiary Shoetex Corporation increased its capital by cash by the approval of the board of directors on April 7, 2020 and set April 24, May 12, 2020. Due to non-proportional investment in an investee's capital increase, the percentage of ownership increased from 60% to 62.47%.

The shares of profits or losses and other comprehensive income of associates accounted for using the equity method between January 1 and December 31, 2022 and 2020 were recognized based on the financial statements audited by certified public accountants during the same period of associates were as follows:

	2022	2021
Shuang Bang Industrial Corp.(BVI)	$ -	$ 6,059
Miracle Textile Industry Co., Ltd.	(1,843)	5,237
Shoetex Corporation	(7,810)	1,320
	$ (9,653)	$ 12,616

(9) Property, plant and equipment

	December 31, 2022	December 31, 2021
Owner occupation	$ 1,239,484	$ 1,123,728
Operating leases	20,050	-
	$ 1,259,534	$ 1,123,728

A. Owner occupation

Carrying amount	December 31, 2022	December 31, 2021
Land	$ 645,954	$ 645,954
Buildings, net	228,965	250,452
Machinery equipment, net	108,134	102,690
Testing equipment, net	5,423	5,556
Pollution control equipment, net	28,580	32,761
Transportation	862	1,600
Office equipment	167	247
Other equipment	33,906	34,634
Construction in progress and inspection equipment	187,493	49,834
	$ 1,239,484	$ 1,123,728

Cost	January 1, 2022	Additions	Disposals	Prepaid	Reclassification	December 31, 2022
Land	$ 645,954	$ -	$ -	$ -	$ -	$ 645,954
Buildings	354,377	925	(5,751)	8,456	(21,101)	336,906
Equipment	311,533	7,299	(60,290)	28,328	-	286,870
Testing equipment	11,756	105	(239)	1,494	-	13,116
Pollution control equipment	86,303	947	(4,483)	3,994	-	86,761
Transportation	10,829	-	-	-	-	10,829
Office equipment	658	100	-	-	-	758
Other	93,406	10,084	(9,542)	5,391	-	99,339
Construction in progress and inspection equipment	49,834	137,659	-	-	-	187,493
	$1,564,650	$157,119	$ (80,305)	$ 47,663	$ (21,101)	$1,668,026

Accumulated depreciation and impairment	January 1, 2022	Depreciation	Disposals	Prepaid	Reclassification	December 31, 2022
Buildings	$ 103,925	$ 10,402	$ (5,752)	$ -	$ (634)	$ 107,941
Machine equipment	208,843	30,085	(59,716)	(476)	-	178,736
Testing equipment	6,200	1,732	(239)	-	-	7,693
Pollution control equipment	53,542	9,121	(4,482)	-	-	58,181
Transportation	9,229	738	-	-	-	9,967
Office equipment	411	180	-	-	-	591
Other equipment	58,772	16,202	(9,541)	-	-	65,433
	$ 440,922	$ 68,460	$ (79,730)	$ (476)	$ (634)	$ 428,542

Cost	January 1, 2021	Additions	Disposals	Prepaid	Reclassification	December 31, 2021
Land	$ 900,195	$ -	$ -	$ -	$ (254,241)	$ 645,954
Buildings	414,076	292	(21,944)	5,977	(44,024)	354,377
Equipment	324,637	6,764	(33,481)	18,626	(5,013)	311,533
Testing equipment	12,017	-	(790)	529	-	11,756
Pollution control equipment	98,697	110	(14,087)	1,583	-	86,303
Transportation	11,679	-	(850)	-	-	10,829
Office equipment	978	-	(320)	-	-	658
Other	102,379	4,158	(15,566)	2,759	(324)	93,406
Construction in progress and inspection equipment	905	48,929	-	-	-	49,834
	$1,865,563	$60,253	$ (87,038)	$ 29,474	$ (303,602)	$1,564,650

Accumulated depreciation and impairment	January 1, 2021	Depreciation	Disposals	Prepaid	Reclassification	December 31, 2021
Buildings	$ 129,621	$ 13,758	$ (11,702)	$ -	$ (27,752)	$ 103,925
Machine equipment	214,167	32,261	(32,569)	(689)	(4,327)	208,843
Testing equipment	5,228	1,762	(790)	-	-	6,200
Pollution control equipment	57,975	9,654	(14,087)	-	-	53,542
Transportation	9,196	883	(850)	-	-	9,229
Office equipment	540	191	(320)	-	-	411
Other	57,945	16,377	(15,343)	-	(207)	58,772
	$ 474,672	$ 74,886	$ (75,661)	$ (689)	$ (32,286)	$ 440,922

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Item	Useful lives	Item	Useful lives
Buildings	2 to 50 years	Transportation	3 to 5 years
Machine equipment	2 to 16 years	Office equipment	3 to 5 years
Testing equipment	3 to 10 years	Other equipment	2 to 25 years
Pollution control equipment	3 to 25 years		

B. Operating leases

Carrying amount	December 31, 2022	December 31, 2021
Buildings	$ 20,050	$ -

Cost	January 1, 2022	Additions	Disposals	Prepaid	Reclassification	December 31, 2022
Buildings	$ -	$ -	$ -	$ -	$ 21,101	$ 21,101

Accumulated Depreciation/Impairment	January 1, 2022	Depreciation	Disposals	Prepaid	Reclassification	December 31, 2022
Buildings	$ -	$ 417	$ -	$ -	$ 634	$ 1,051

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Item	Useful lives
Buildings	10 to 48 years

The Company's buildings were mainly comprised by the plant and offices in YongXing and were depreciated by their useful lives from 25 to 50 years, the machine equipment were mainly comprised by wet processing PU coating machines, depreciated by useful lives of 8 years; pollution control equipment were mainly comprised by solvent recycling equipment and RTO, depreciated by useful lives of 8 years; other equipment was comprised by thermal coal equipment and coal-fired boilers, depreciated by useful lives of 10 years.

The Company's property, plant and equipment were pledged as collateral for bank loans and secured borrowings, please refer to note 8.

(10) Leases

Lessee

A. Right-of-use assets

Carrying amount	December 31, 2022	December 31, 2021
Buildings	$ 875	$ 1,910
Transportation	7,144	7,264
	$ 8,019	$ 9,174

	2022	2021
Additions of right-of-use assets	$ 3,736	$ 3,723
Depreciation of right-of-use assets		
Buildings	$ 2,347	$ 2,326
Transportation	2,544	2,562
	$ 4,891	$ 4,888

B. Lease liabilities

	December 31, 2022	December 31, 2021
Current	$ 4,396	$ 5,235
Noncurrent	$ 4,812	$ 5,143

The discount rates of lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Buildings (%)	1.250～1.644	1.620～1.644
Transportation (%)	0.967～4.248	0.967～4.248

C. Significant leasing activities and requirements

The underlying assets leased by the Company include land, houses and buildings, company cars and photocopiers. The periods of the lease contract vary from 1 to 5 years. The lease contract is negotiated individually and contains various terms and conditions.

D. Subleases

Subleases of right-off-use assets

The Company subleases some of the right-off-use assets of the buildings to Shoetex Corporation. The lease term will last for 2 years and can be prolonged.

The maturity analysis of lease payments as of December 31, 2022 and 2021 was as follows:

	December 31, 2022	December 31, 2021
Within 1 year	$ 1,280	$ 1,280

E. Profit and loss items associated with lease contracts are as follows:

	2022	2021
Items that affect profit or loss		
Interest expense on lease liabilities	$ 129	$ 200
Rent expenses on short-term lease	7,668	1,697
	$ 7,797	$ 1,897

F. The Company's total lease cash outflows from January 1 to December 31, 2022, and 2021 were NT$6,943 thousand and NT$7,019 thousand, respectively.

Lessor

A. Rental agreements

Objective	Lease period	Monthly rental revenue and method	Guarantee Deposits
Buildings (warehouse)	2019/5/1~2022/6/30 2022/2/26~2027/5/16	Actual amount of the rental fees, according to number of buckets and weight.	-
Buildings (warehouse)	2020/7/1~2021/6/30 2021/7/1~2027/6/30	Actual amount of the rental fees, according to number of buckets and weight.	-
Buildings (plant)	2021/1/1~2022/12/31	Monthly rental fees $10 thousand.	$10 thousand
Buildings (plant)	2021/7/1~2027/6/30	Monthly rental fees $149 thousand.	$449 thousand
Buildings (plant)	2020/9/1~2023/8/31	Monthly rental fees $50 thousand.	-
Buildings (dormitory)	2021/6/1 ~ 2024/6/1	Monthly rental fees $14 thousand.	-
Buildings (plant)	2022/5/1 ~ 2025/4/30	Monthly rental fees $140 thousand.	$294 thousand

A. The information of gains on operating lease rental contracts for the years ended in 2022 and 2021 were as follows:

	2022	2021
Rental revenue	$ 4,194	$ 1,942

B. non-cancellable operating lease contracts

	December 31, 2022	December 31, 2021
Within one year	$ 4,178	$ 2,685
More than 1 year to 3 years	6,114	4,230
Over 3 years	2,690	4,484

(11) Intangible assets

Carrying amounts	December 31, 2022	December 31, 2021
Computer software	$ 4,542	$ 2,732
Professional technology	1,041	2,417
	$ 5,583	$ 5,149

Costs	January 1, 2022	Additions	Disposals	December 31, 2022
Computer software	$ 6,951	$ 3,902	$ (3,094)	$ 7,759
Professional technology	7,755	—	(952)	6,803
	$ 14,706	$ 3,902	$ (4,046)	$ 14,562

Accumulated amortization and impairment	January 1, 2022		Amortization		Disposals		December 31, 2022	
Computer software	$	4,219	$	2,092	$	(3,094)	$	3,217
Professional technology		5,338		1,376		(952)		5,762
	$	9,557	$	3,468	$	(4,046)	$	8,979

Costs	January 1, 2021		Additions		Disposals		December 31, 2021	
Computer software	$	9,467	$	300	$	(2,816)	$	6,951
Professional technology		8,755		—		(1,000)		7,755
	$	18,222	$	300	$	(3,816)	$	14,706

Accumulated amortization and impairment	January 1, 2021		Amortization		Disposals		December 31, 2021	
Computer software	$	4,933	$	2,102	$	(2,816)	$	4,219
Professional technology		4,654		1,684		(1,000)		5,338
	$	9,587	$	3,786	$	(3,816)	$	9,557

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Item	Useful lives	Item	Useful lives
Computer software	2 to 5 years	Professional technology	5 years

(12) Other noncurrent assets

	December 31, 2022		December 31, 2021	
Prepayments for equipment	$	114,626	$	43,421
Refundable deposits		3,597		1,497
Long-term notes receivables		1,596		1,596
Other		270		266
	$	120,089	$	46,780

The abovementioned long-term notes receivables were for the compensation payment with installments for the machine equipment, please refer to note 6(3)。

(13) Short-term loans

	December 31, 2022	December 31, 2021
Secured loans		
Operating deposits	$ -	$ 10,000
L/C loans	39,400	168,585
Unsecured loans		
Operating deposits	5,000	30,000
L/C loans	62,126	15,640
	$ 106,526	$ 224,225
Loan rate (%)	1.625～6.51	0.56～1.50
Due date	Before 2023/6/21	Before 2022/6/28

The abovementioned loans were all bank loans.

The Company's short-term loans were pledged as collateral, please refer to note 8.

(14) Notes and accounts payables

	December 31, 2022	December 31, 2021
Arising from operation:		
Notes payables	$ 322	$ 17,480
Accounts payables	173,809	195,644
Not arising from operation:		
Other notes payables	48,133	4,040

Other notes payables were mainly used for the purchase of equipment.

(15) Other payables

	December 31, 2022	December 31, 2021
Third-party transaction		
Salary and bonus payables	$ 46,015	$ 33,554
Welfare payables	20,000	5,762
Insurance payables	3,430	3,317
Equipment payables	2,548	7,439
Directors' remuneration payables	8,500	2,470
Other accounts payables	51,944	53,911
	$ 132,437	$ 106,453
Other accounts payables from related parties	$ 53	$ 4

(16) Provision

	December 31, 2022	December 31, 2021
Employees benefits	$ 6,273	$ 6,309
Returns and discounts	2,000	2,000
Sales rebates	2,255	-
	$ 10,528	$ 8,309

	Employees benefits	Returns and discounts	Sales rebates	Total
Balance on January 1, 2022	$ 6,309	$ 2,000	$ -	$ 8,309
Provision for the period	6,255	-	2,255	8,510
Payments for the period	(61)	-	-	(61)
Write-off for the period	(6,230)	-	-	(6,230)
Balance on December 31, 2022	$ 6,273	$ 2,000	$ 2,255	$ 10,528

	Employees benefits	Returns and discounts	Sales rebates	Total
Balance on January 1, 2021	$ 6,379	$ 2,000	$ -	$ 8,379
Provision for the period	5,527	-	-	5,527
Payments for the period	(19)	-	-	(19)
Write-off for the period	(5,578)	-	-	(5,578)
Balance on December 31, 2021	$ 6,309	$ 2,000	$ -	$ 8,309

The Company's provision was for benefits of accumulated paid time off as of the balance sheet date, probable sales returns of the products and the sales rebates. Provision for warranty and after service cost was estimated based on the historical information, management judgements and other known factors.

(17) Other current liabilities

	December 31, 2022	December 31, 2021
Contract liabilities	$ 1,218	$ 54,646
Temporary receipts	167	110
Receipts under custody	800	733
Deferred revenue－current	682	682
	$ 2,867	$ 56,171

(18) Long-term loans

Category	Due year	December 31, 2022	December 31, 2021
Secured borrowings	2023	$ -	$ 35,071
Secured borrowings	2024	80,000	-
Secured borrowings	2025	46,500	64,500
Secured borrowings	2034	299,468	325,699
Unsecured borrowings	2023	-	25,000
Unsecured borrowings	2025	56,834	78,833
		$ 482,802	$ 529,103
Current portion of long-term loans payable		$ 66,231	$ 112,945
Non-current		416,571	416,158
		$ 482,802	$ 529,103
Interest rate of loans (%)		1.675～ 1.95	1.17～1.42

Some of the abovementioned loans had been paid in advance.

The abovementioned loans are bank loans and used in floating rate borrowings, please refer to note 6(26).

The Company's pledged and mortgaged assets used as collateral for long term loans, please refer to note 8.

(19) Government grants

The Company purchased pollution control equipment in 2018 and had applied for exemption in the local government in accordance with the laws. The application had been reviewed and approved by the Bureau of Energy, Ministry of Economic Affairs and obtained $5,000 thousand of the exemption As of December 31, 2022, the government grant was recognized under other liabilities, current and long-term deferred revenue and will be transferred to other revenue in accordance the useful lives of the equipment.

The Company had applied for Industrial Upgrading Innovation Platform Guidance Program by the Ministry of Economic Affairs and had been reviewed and approved. As of December 31, 2021, the Company obtained the government grants amounted to $10,400 thousand and recognized under other revenue.

(20) Post-employment benefits plans

A. Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, the Company have made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Accordingly, the Company recognized as expenses under parent-company comprehensive income statement of $7,838 thousand and $7,923 thousand. As of December 31, 2022 and 2021, the unpaid amount of define benefits plans amounted to $1,938 thousand and $1,945 thousand, respectively.

B. Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. According to the law, two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company contributes an amount equal to 5% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds 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 Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

The net defined benefit obligation is currently calculated on the December 31, 2022, by independent actuary, Chen, Wen-Hsien, using the projected unit credit method.

The Company recognized pension expenses by using calculated pension expenses for the year ended 2022 and 2021.

a. The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2022		December 31, 2021	
Present value of defined benefit obligation	$	(44,907)	$	(55,683)
Fair value of plan assets		25,448		22,903
Net defined benefit liabilities	$	(19,459)	$	(32,780)

b. Movements in net defined benefit liabilities

Movements in net defined benefit liabilities were as follows:

	2022		2021	
Balance on January 1, 2022	$	55,683	$	55,968
Benefit paid		-		(3,685)
Current service costs and interests		540		477
Loss (gain) on defined benefit obligation, experience adjustments		(8,639)		4,825
Loss (gain) on defined benefit obligation, changes in assumption				
- changes in demographic assumptions		-		221
- changes in financial assumptions		(2,677)		(2,123)
Effect of plan curtailment		-		-
Balance on December 31, 2022	$	44,907	$	55,683

c. Movements in planned assets at fair value

Movements in net defined benefit assets were as follows:

	2022		2021	
Balance on January 1	$	22,903	$	25,626
Benefit paid		482		501
Paid benefit		-		(3,685)
Interest revenue from plan assets		162		91
Experience gains from plan assets		1,901		370
Payments from plan assets		-		-
Balance on December 31	$	25,448	$	22,903

d. Expenses through profit or loss

Expenses through profit or loss were as follows:

	2022		2021	
Current service cost	$	153	$	282
Net interests from net defined benefit liabilities		224		104
	$	377	$	386

An analysis of employee benefits expense by function:

	2022	2021
Operating costs	$ 243	$ 250
Selling expenses	24	24
General and administrative expenses	99	101
Research and development expenses	11	11
	$ 377	$ 386

e. Remeasurement of defined benefit obligation (assets) as other comprehensive were as follows:

	2022	2021
Loss (gain) on defined benefit obligation, experience adjustments	$ (8,639)	$ 4,825
Loss (gain) on defined benefit obligation, changes in assumption		
- changes in demographic assumptions	-	221
- changes in financial assumptions	(2,677)	(2,123)
Gains (loss) on experience from plan assets	(1,901)	(370)
Remeasurement of defined benefit obligation, net	$ (13,217)	$ 2,553

f. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.30%	0.70%
Expected rate of salary increase	3.50%	3.50%

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

	December 31, 2022	December 31, 2021
Discount rate		
0.25% increase	$ (1,052)	$ (1,469)
0.25% decrease	$ 1,089	$ 1,525
Expected rate of salary increase		
0.25% increase	$ 1,062	$ 1,480
0.25% decrease	$ (1,032)	$ (1,434)

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

	December 31, 2022	December 31, 2021
Expected contributions to the plan for the next year	$ 1,349	$ 1,524
Average duration of the defined benefit obligation	9 years	10 years

C. Short-term employees benefit plant

The Company recognized paid time off leaves expenses of $6,255 thousand and $5,527 thousand for the year ended in 2022 and 2021, respectively.

(21) Equity

A. Common stocks

	December 31, 2022	December 31, 2021
Amount of shares authorized ($10 per share)	$ 1,200,000	$ 1,200,000
Amount of shares issued	$ 823,608	$ 823,608
Numbers of shares authorized (in thousands of shares)	120,000	120,000
Numbers of shares issued (in thousands of shares)	82,361	82,361

Each share has the same voting rights equal to the number of Directors to be elected and dividends receives.

B. Capital surplus

	December 31, 2022	December 31, 2021
Capital surplus	$ 983	$ 42,163
Employee share options	9,506	9,506
Expired dividends	63	49
	$ 10,552	$ 51,718

The capital surplus from shares issued in excess of par (including additional paid-in capital from the converted convertible bonds) may be used to offset deficits; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (but limited to a certain percentage of the Company's paid-in capital on a yearly basis).

The capital surplus arising from employee share options may not be used for any purpose. The capital surplus arising from expired dividends may not be used for any purpose, except for offsetting a deficit.

The Company's reconciliation of outstanding common stocks and capital surplus were as follows:

	Capital		Capital surplus		
	Shares (in thousand)	Amount	Share premiums	Employee share options	Expired dividends
Balance on January 1, 2022	82,361	$ 823,608	$ 42,163	$ 9,506	$ 49
Cash dividends from capital surplus	-	-	(41,180)	-	-
Others	-	-	-	-	14
Balance on December 31, 2022	82,361	$ 823,608	$ 983	$ 9,506	$ 63
Balance on January 1, 2021	82,361	$ 823,608	$ 42,163	$ 9,506	$ -
Others	-	-	-	-	49
Balance on December 31, 2021	82,361	$ 823,608	$ 42,163	$ 9,506	$ 49

C. Appropriation of earnings and dividend policy

According to the Company Act, A company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. The appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

Pursuant to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of stockholders' equity. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

When allocating the profits for each fiscal year, the following order shall be followed:

a. pay all taxes and dues.

b. offset accumulated deficits.

c. set aside 10 percent of earning as legal reserve

d. set aside special capital reserve in accordance with relevant laws or regulations.

The remaining balance after the mentioned above payment to be made, combining with the undistributed earnings of the proceeding years may be retained or distributed as shareholders' dividends after the approval of the shareholders' meeting.

Since the Company is in a highly developing industry, the Company has to adapt its dividend policy to meet the Company's long-term development and capital requirement, along with the shareholders' demand of cash. Therefore, the Company is allowed to distribute no more than 90% of the amount of the profits of the fiscal year. The Board of Directors shall submit a distribution proposal for approval at the shareholder's meeting. Distribution of profits may be made by way of a cash dividend or stock dividend; provided, however, the ratio for cash dividend shall be not less than 10% of total distribution.

On March 18, 2022, the appropriation of cash dividends in 2021 and on March 26, 2021, the appropriation of cash dividends in 2020, which were resolved in the meeting of the Company's board of directors, and as for the other appropriation of earnings, which were resolved in the meeting of shareholders on June 9, 2022 and August 27, 2021, respectively were as follows:

	Appropriation of earnings		Dividends per share (NTD)	
Items	2021	2020	2021	2020
Legal reserve	$ 7,481	$ 5,917	$ -	$ -
Special capital reserve	2,706	1,663	-	-
Cash dividends	123,541	65,889	1.5	0.8
	$ 133,728	$ 73,469		

The appropriations of cash dividends have been approved by the Company's Board of Directors in its meeting. The appropriations and cash dividends per share were $0.5 per share with total of $41,180 thousand.

The appropriation of earnings for 2022, which were proposed by the Company's board of directors on March 17, 2023, were as follows:

Items	Appropriation of earnings 2022	Dividends per share (NTD) 2022
Legal reserve	$ 27,431	$ -
Cash dividends	98,833	1.2
	$ 126,264	

The appropriation of earnings in 2022 is subject to the resolution of the shareholders in their meetings on June 20, 2023.

(22) Sales revenue

	2022	2021
Revenue from contracts with customers		
Sales revenue	$ 1,972,612	$ 1,724,313
Service revenue	8,826	4,596
	$ 1,981,438	$ 1,728,909

Balance of the contracts

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivables, net (including related parties)	$ 90,731	$ 99,496	$ 56,427
Accounts receivables, net (including related parties)	$ 340,467	$ 326,714	$ 223,659
Contract liabilities－current (Recognized as other current liabilities)	$ 1,185	$ 8,613	$ 185

Changes arising from the contract liabilities were mainly because of the differences of fulfillment of the obligation and payment received from the customers.

The sales revenue on contract liabilities were as follows:

	2022	2021
Sales revenue of goods	$ 8,428	$ -

(23) Net income

The Company's net income included the following items:

A. Other revenue

	2022	2021
Government grant	$ -	$ 11,082
Rental revenue	4,194	1,942
Dividend income	-	257
Other income	3,577	4,333
	$ 7,771	$ 17,614

B. Other profit and loss

	2022	2021
Gains (loss) on disposal of plant, property and equipment	$ 190,010	$ (10,483)
Gains on foreign exchange	13,127	924
Net loss(profit) on financial assets at fair value through profit or loss	(18,077)	(51)
Reversal of impairment loss recognized in profit or loss	476	689
	$ 185,536	$ (8,921)

C. Depreciation and amortization

	2022	2021
Depreciation of plant, property and equipment	$ 68,877	$ 74,886
Depreciation of right-of-use assets	4,891	4,888
Amortization of intangible assets	3,468	3,786
	$ 77,236	$ 83,560
Depreciation expenses were summarized by functions:		
Operating costs	$ 64,356	$ 70,565
Operating expenses	9,412	9,209
Amortization expenses were summarized by functions		
Operating costs	938	798
Operating expenses	2,530	2,988
	$ 77,236	$ 83,560

D. Financial cost

	2022	2021
Bank loans	$ 6,498	$ 8,180
Interests from lease liabilities	129	200
Handling fees	178	192
	$ 6,805	$ 8,572
Amount of capitalized borrowing costs	$ 2,660	$ 581
Rate of capitalized borrowing costs (%)	1.284～1.656	1.284～1.656

E. Gains (loss) on foreign exchange

	2022	2021
Total of gains on foreign exchange	$ 27,039	$ 7,226
Total of loss on foreign exchange	(13,912)	(6,302)
Total of gains (loss) on foreign exchange	$ 13,127	$ 924

F. Employees' compensation and remuneration of directors

According to the Company's Articles of Incorporation, the Company shall allocate compensation to directors and profit-sharing bonus to employees of the Company as follows:

If there is any profit for the current fiscal year, the Company shall allocate 5% to 10% of the profit as employees' compensation and shall allocate at a maximum of 3% of the profit as remuneration to directors, provided that the Company's accumulated losses shall have been covered in advance.

The aforementioned income was calculated using the Company's net income before income taxes without the remunerations to employees and directors for each period. The employee remuneration will be distributed in cash or in the form of shares to the employees of the controlling companies and subsidiaries who meet certain criteria.

The distributable dividends and bonus in whole or in part or the legal reserve and capital reserved in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company estimated the employees' compensation and directors' remuneration were as follows:

Percentage of estimate

	2022	2021
Employees' compensation	6.42%	6.46%
Directors' remuneration	2.73%	2.77%

Amount

	2022	2021
Employees' compensation	$ 20,000	$ 5,762
Directors' remuneration	$ 8,500	$ 2,470

The estimated amount of employees' compensation and directors' remuneration were recognized as an operating cost or operating expense. If there is a change in the proposed amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

If the board of directors decided to pay the employee remuneration in the form of company shares, the number of dividend shares is determined by dividing the amount of the dividend by the fair value of the share. The fair value of the share is based on the closing price of the day before the resolution date of the shareholders' meeting.

The 2021 and 2020 employee's compensation and director's and supervisor's remuneration were respectively resolved in the board meeting on March 18, 2022 and March 26, 2021 as follows:

	2022	2021
Employees' compensation	$ 5,762	$ 5,330
Directors' remuneration	$ 2,470	$ 2,134

There is no difference between the 2021 and 2020 employee's compensation and director's and supervisor's remuneration and the Company's 2021 and 2020 recognized fee estimates.

The information about appropriations of the Company's employees' compensation and remuneration to directors is available on the Market Observation Post System website.

(24) Income tax

A. Income tax expense recognized in profit or loss

The major components of tax expense (benefit) were as follows:

	2022	2021
Current tax		
Current year	$ 25,470	$ 15,155
Adjustments for prior year	(3,852)	(1,831)
Deferred tax		
Current year	(2,405)	(988)
Income tax expense recognized in profit or loss	$ 19,213	$ 12,336

A reconciliation of accounting profit and income tax expense was as follows:

	2022	2021
Profit before tax from continuing operations	$ 282,952	$ 80,988
Income tax expense calculated at the statutory rate	56,590	16,198
Effect of adjustments to income tax		
Non-deductible expenses in determining taxable income	111	160
Tax-exempt income	-	(52)
Temporary difference	4,205	(1,535)
Deferred tax	(2,405)	(988)
Gains on sale of the land	(35,820)	-
Other	384	384
Adjustments for prior year	(3,852)	(1,831)
Income tax expense recognized in profit or loss	$ 19,213	$ 12,336

B. Recognized in other comprehensive income

	2022	2021
Remeasurement of defined benefit plans	$ (2,643)	$ 511

C. Deferred tax

The Company's movements of deferred tax assets and liabilities for the years ended in 2022 and 2021 were as follows:

	January 1, 2022	Recognized as profit or loss	Recognized as OCI	December 31, 2022
Deferred tax assets				
Temporary difference				
Defined benefit plans	$ 6,556	$ (21)	$ (905)	$ 5,630
Inventory	6,773	(935)	-	5,838
Accounts receivables	6,067	(3,095)	-	2,972
Financial assets at fair value through profit or loss	589	3,755	-	4,344
Provision	1,262	436	-	1,698
Plant, property and equipment	546	(172)	-	374
Other payables	1,292	(128)	-	1,164
Deferred tax assets	645	393	-	1,038
	$ 23,730	$ 233	$ (905)	$ 23,058
Deferred tax liabilities				
Temporary difference				
Defined benefit plans	$ -	$ -	$ 1,738	$ 1,738
Inventory	4,359	(1,942)	-	2,417
Others	363	(230)	-	133
	$ 4,722	$ (2,172)	$ 1,788	$ 4,288

	January 1, 2021	Recognized as profit or loss	Recognized as OCI	December 31, 2021
Deferred tax assets:				
Temporary difference				
Defined benefit plans	$ 6,067	$ (22)	$ 511	$ 6,556
Inventory	6,540	233	-	6,773
Accounts receivables	2,068	3,999	-	6,067
Financial assets at fair value through profit or loss	579	10	-	589
Provision	1,276	(14)	-	1,262
Plant, property and equipment	829	(283)	-	546
Other payables	1,324	(32)	-	1,292
Others	1,026	(381)	-	645
	$ 19,709	$ 3,510	$ 511	$ 23,730
Deferred tax liabilities:				
Temporary difference				
Inventory	$ 1,680	$ 2,679	$ -	$ 4,359
Others	521	(158)	-	363
	$ 2,201	$ 2,521	$ -	$ 4,722

D. Unrecognized loss carryforwards, deferred tax assets and liabilities and temporary difference

a. Unrecognized deferred tax assets

	December 31, 2022	December 31, 2021
Investment using equity method	$ 4,339	$ 2,857

b. Unrecognized deferred tax liabilities

	December 31, 2022	December 31, 2021
Investment using equity method	$ 1,373	$ 1,742
Translation of foreign operations	$ -	$ 863

E. Income tax assessment

As of March 17, 2023, the income tax returns of the Company through 2020 and its subsidiaries have been examined by the tax authorities.

(25) Capital management

The coating markets had been effected by the global demands which needs large amount of operating fund in the early of the year. The Company manages its capital risk to ensure sufficient financial resources and operational plan to meet the demand of necessary operating fund, capital expenditure, research and development expense, debt repayment, and dividend expenditure for the future. The Company had adjusted the proportion of liabilities to maintain the capital structures. The ratio of assets and liabilities as of December 31, 2022 and 2021, respectively were as follows:

	December 31, 2022	December 31, 2021
Total of liabilities	$ 1,018,520	$ 1,210,350
Total of assets	2,344,437	2,422,292
Ratio of liabilities (%)	43.44	49.97

(26) Financial instruments

A. Categories of financial instruments

		December 31, 2022		December 31, 2021
Cash and cash equivalents				
Financial assets at amortized cost－current				
Notes and accounts receivables, net	$	75,938	$	40,583
Other accounts receivables		900		900
Other current assets		431,233		426,675
Other noncurrent assets		1,280		1,280
Cash and cash equivalents		1,467		1,542
Financial assets at amortized cost－current		-		3,925
Notes and accounts receivables, net		5,193		3,093
Financial assets at amortized cost －noncurrent		39,169		10,882
Financial liabilities				
Financial liabilities				
Short-term loans	$	106,526	$	224,225
Notes and accounts payables		174,131		213,124
Other accounts payables		48,133		4,040
Other payables		132,490		106,457
Guarantee deposits		753		459
Long-term loans(including current portion)		482,802		529,103

B. Financial risk management objectives

The Company manages its exposure to risks relating to the operations through market risk, credit risk, and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by management in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Company must comply with certain treasury procedures that provide guiding principles for overall financial risk management.

C. Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates.

a. Risks of foreign currency exchange rates

The Company's operating activities and investment in foreign are mainly denominated in foreign currencies and exposed to foreign currency risk. The Company used foreign exchange forward contracts to eliminate currency exposure. These foreign exchange forward contracts could reduce the influence of the exchange rate fluctuations on the Company's income.

The Company borrowed bank USD and Yen loans for the purposes of purchasing materials which has natural hedging effect with accounts receivables and avoids risks from the changes of the foreign currency.

The Company had not used derivatives financial instruments for the years ended December 31, 2022 and 2021.

The Company had not hedge certain foreign exchange risks that the Company is exposed to throughout its operating.

The Company's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 10% strengthening/weakening of the functional currency against U.S. dollars, the

Company's net income before tax for January 1 to December 31, 2021 and 2022 would have decreased/increased by $12,870 thousand and $358 thousand, respectively. Assuming a 10% strengthening/weakening of the functional currency against Japanese Yen, the Company's net income before tax for January 1 to December 31, 2021 and 2022 would have decreased/increased by $5 thousand and $111 thousand, respectively.

The information of financial assets and liabilities with major impact were as follows:

Unit: currency in thousand

	December 31, 2022		December 31, 2021	
Items	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
Financial assets				
Monetary items				
USD	$ 6,806	30.65	$ 4,541	27.62
JPY	277	0.2297	158	0.2377
Non monetary items				
USD	-	-	1,470	27.62
Financial liabilities				
Monetary items				
USD	1,557	30.65	4,379	27.62
JPY	-	-	5,992	0.2377

The Company recognized gains on foreign exchange (including realized and unrealized) of $13,127 thousand and $924 thousand for the years ended December 31, 2022 and 2021, respectively.

b. Interest rate risk

The sensitivity analysis of interest is performed based on the financial liabilities exposed to cash flow interest rate risk at the end of each reporting period. If interest rates had been 100 basis points higher/lower, the Company's pre-tax loss for the nine months ended December 31, 2022 and 2021 would have decreased/increased by $4,313 thousand and $5,340 thousand, respectively.

The information of carrying amount of the fixed and floating interest rate as of the balance sheet date were as follows:

Items	December 31, 2022	December 31, 2021
Fixed rates		
Financial liabilities	$ 50,185	$ 85,877
Floating rate borrowing		
Financial assets	68,327	32,974
Financial liabilities	539,143	667,451

D. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk mainly arises from trade receivables - operating, bank deposits, and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

Business related credit risk

In order to maintain the credit quality of trade receivables, the Company has established procedures to monitor and limit exposure to credit risk on trade receivables.

Credit evaluation is performed in the consideration of the relevant factors, such as financial condition, external and internal credit scoring, historical experience, and economic conditions, which may affect the customer's paying ability.

As of December 31, 2022 and December 31, 2021, the Company's ten largest customers accounted for 52% and 45% of its total trade receivables (including receivables from related parties), respectively. The Company believed that the concentration of credit risk is relatively insignificant for the remaining trade receivables.

Financial credit risk

The Company's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Corporate Treasury function. The Company only deals with creditworthy counterparties and banks so that no significant credit risk was identified.

E. Liquidity risk

The objective of liquidity risk management is to ensure the Company has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused of financing facilities associated with existing operations. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual, undiscounted payments, including principal and estimated interest of interest bearing.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including principal and interest.

December 31, 2022	On Demand or Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Noninterest bearing	$354,764	$ -	$ 295	$ 448	$ -	$355,507
Lease liabilities	2,849	1,627	3,428	436	-	8,340
Instruments using floating interests rate	89,457	33,115	195,795	52,462	168,314	539,143
Instruments using fixed interests rate	50,185	-	-	-	-	50,185

December 31, 2021	On Demand or Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Noninterest bearing	$323,621	$ -	$ 10	$ 449	$ -	$324,080
Lease liabilities	3,173	2,167	3,443	1,790	-	10,573
Instruments using floating interest rate	194,820	56,473	145,818	75,795	194,545	667,451
Instruments using fixed interest rate	85,877	-	-	-	-	85,877

The Company's unused financing facilities as of December 31, 2022, and 2021 amounted to $517,502 thousand and $572,238 thousand.

F. Fair value of financial instrument

a. Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of non-financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or the fair values cannot be reliably measured.

b. Valuation techniques and assumptions used fair value measurement

Financial assets at fair value through profit or loss and financial assets at fair value through OCI are categorized under level 1 fair value.

The listed stocks, beneficiary certificates and global depositary receipts held by the Company are measured at fair value according to standard provision and conditions; the fair value is measured using the quoted price in an active market.

Financial instruments without an active market held by the Company are measured at fair value according to the market approach; the fair value is assessed by using the price-equity ratio and price-earnings ratio of the competitors.

c. Fair value measurements recognized in the consolidated balance sheet

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Fair value on a recurring basis				
Financial assets at fair value through profit or loss				
Stock	$ -	$ -	$ 39,169	$ 39,169
Financial assets at fair value through OCI				
Stock	$ -	$ -	$ -	$ -

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Fair value on a recurring basis				
Financial assets at fair value through profit or loss				
Stock	$ -	$ -	$ 10,882	$ 10,882
Financial assets at fair value through OCI				
Stock	$ -	$ -	$ -	$ -

There was no transfer of measurements of fair value in the Company for the years ended in 2022 and 2021.

(27) Earnings per share

	2022	2021
Weighted average number of common shares outstanding used in the computation of basic EPS (in thousands)		
Basic earnings per share (dollar)	$ 263,739	$ 68,652
Diluted earnings per share	82,361	82,361
Net income available to common shareholders	$ 3.20	$ 0.83
Weighted average number of common shares outstanding used in the computation of basic EPS (in thousands)		
Effects of all dilutive potential common shares (in thousands)	$ 263,739	$ 68,652
Employees compensation	82,361	82,361
Weighted average number of common shares used in the computation of diluted EPS (in thousands)		
Employee benefits	1,039	292
Weighted average number of common shares outstanding used in the computation of basic EPS (in thousands)	83,400	82,653
Basic earnings per share (dollar)	$ 3.16	$ 0.83

The Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonus 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.

(28) Non-cash transaction

Investing and financing activities which were not listed in the statement of cash flows for the years ended in 2022 and 2021 were as follows:

A. Financing activities that will not have effect on cash flows

	December 31, 2022		December 31, 2021	
Current portion of long-term loans payable	$	66,231	$	112,945

B. Investing activities of property, plant and equipment

	2022		2021	
Additions of property, plant and equipment	$	(157,119)	$	(60,253)
Changes in other notes payables		44,093		(2,299)
Changes in other accounts payables		(4,891)		3,801
Capitalized interests		1,634		84
Payments for acquisition of property, plant and equipment	$	(116,283)	$	(58,667)

C. Investing activities of intangible assets

	2022		2021	
Additions of intangible assets	$	(3,902)	$	(300)
Prepayments for equipment		3,074		-
Payments for acquisition of intangible assets	$	(828)	$	(300)

7. Related-party transactions

(1) Related party name and categories

Related Party Name	**Related Party Categories**
Miracle Textile Industry Co., Ltd.	Subsidiary
Shoetex Corporation	Subsidiary
Wada Technology Co., Ltd	Others
Chia Cherng Industry Co., Ltd	Others
PANEL TRADING CO., LTD	Others
Wu, Li Hsueh	Others
Chen Wu, Li Show	Others

(2) Operating revenue

Accounts	Category	2022		2021	
Sales revenue	Subsidiary	$	58,072	$	89,864
	Other		32,759		28,098
		$	90,831	$	117,962

The sales price to related parties was determined based on normal market terms. The collection terms for related parties were 30 to 120 days after monthly closing.

(3) Purchases

	2022	2021
Subsidiary	$ -	$ 23
Other	2,263	-
	$ 2,263	$ 23

The purchase prices to related parties was determined based on normal market terms. The payment terms for related parties were 30 to 60 days after monthly closing.

(4) Accounts receivable-related parties

Accounts	Category	December 31, 2022	December 31, 2021
Notes receivable	Subsidiary	$ 7,629	$ 13,980
	Other	37	741
		$ 7,666	$ 14,721
Accounts receivable	Subsidiary	$ 2,775	$ 6,959
	Other	8,481	7,102
		$ 11,256	$ 14,061
Lease receivable	Subsidiary	$ 1,280	$ 1,280
Other accounts receivables	Subsidiary	$ 1,266	$ 1,457

The Company had no insurance for those outstanding accounts receivables from related parties.

(5) Accounts payables, related parties

Accounts	Category	December 31, 2022	December 31, 2021
Lease liability	Others	$ 53	$ 4

Balance of lease liability were not pledged as collateral.

(6) Lease agreements

Accounts	Category	December 31, 2022	December 31, 2021
Lease liability	Others	$ -	$ 1,094

Accounts	Category	December 31, 2022	December 31, 2021
Interest expense	Others	$ 8	$ 26

(7) Other

A. Guarantee deposits (recognized as other noncurrent assets)

	December 31, 2022	December 31, 2021
Others	$ 220	$ 220

B. Direct labor

	2022	2021
Subsidiary	$ 120	$ -

C. Operating-entertainment fees

	2022	2021
Subsidiary	$ 1	$ 1

D. Administrative- entertainment fees

	2022	2021
Subsidiary	$ 10	$ 13

E. Rental revenue

	2022	2021
Subsidiary	$ 600	$ 603

F. Other revenue

	2022	2021
Subsidiary	$ 634	$ 2,580

(8) Transactions of properties

The Company sold machines and equipment to the subsidiaries and recognized gains on disposal of property, plant and equipment of $67 thousand in 2017 and 2013. As of December 31, 2021, deferred gains on disposal of property, plant and equipment had been fully realized.

(9) Management's remuneration

Directors, supervisors, and the management's remuneration were as follows:

	2022	2021
Short-term benefits	$ 31,888	$ 22,501
Post-employment benefits	441	402
	$ 32,329	$ 22,903

The compensation to directors and other key management personnel were determined by the compensation committee of the Company in accordance with the individual performance and market trends.

8. Assets Pledged as Collateral

Assets	Purposes	December 31, 2022	December 31, 2021
Land	Long-term and short-term loans	$ 642,154	$ 642,154
Buildings	Long-term and short-term loans	224,153	231,756
Noncurrent assets held for sale (Land and property)	Long-term loans	-	268,562
Financial assets at amortized cost－current	Custom duty deposits	900	900
		$ 867,207	$ 1,143,372

9. Significant Contingencies and Unrecognized Contract Commitments

(1) For the purpose of purchasing materials, the amount of the L/C of the Company had issued but not yet used were $703 thousand and $69,528 thousand for the years ended in 2022 and 2021.

(2) The Company had signed contracts regarding to the purchase of equipment which were not recognized in were $109,492 thousand and $31,793 thousand for the years ended in 2022 and 2021.

(3) As of December 31, 2022 and 2021, the Company had signed an unfinished construction amounted to $ 24,039 thousand and $109,921 thousand.

10. Significant Disasters Loss: None

11. Significant Subsequent Events

(1) GRAND AND GREAT CORPORATION LIMITED increased its capita by cash of $10.5 million by approval of the shareholders' meeting on August 19, 2022 and the effective base date was January 4, 2023. Due to non-proportional investment in an investee's capital increase, the percentage of ownership decreased from 4.44% to 3.33%.

(2) The Company's subsidiary, Shoetex corporation increased its capital by cash by approval of board of directors on March 13, 2023 and the effective base date was March 21, 2023. On March 17, 2023, the Company's board of directors resolved to exercise its subscription rights in accordance with its shareholding percentage for the capital increase of its subsidiary, Shining Shoe Technology Co., Ltd. If there is any shortfall in the subscription of the capital increase by the subsidiary, the Company may subscribe to the remaining shares.

12. Others: None.

13. Other Disclosures

(1) Information on significant transactions and (2) investees

A. Loans to other parties: None

B. Guarantees and endorsements for other parties: None

C. Securities held as of December 31, 2022 (excluding investment in subsidiaries): Please refer to Table 1.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

F. Disposal of real property with transaction amount reaches 20% or more of capital surplus, or NT$ 300 million, please refer to Table 2

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

I. Trading in derivative instruments: None.

J. Business relationships and significant intercompany transactions: Please refer to Table 3.

K. Information of investees: Please refer to Table 4.

(3) Information on investment in Mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 5.

B. Any of the following significant transactions with investee companies in the mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

(a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None

(b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None

(c) The amount of property transactions and the amount of the resultant gains or losses: None.

(d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

(e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

(f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

(4) Major shareholders: The information on major shareholders who hold 5 percent, please refer to Table 6.

14. Operating segment information

The Company has provided the operating segments disclosure in the consolidated financial statements.

Table 1

Shuang Bang Industrial Corporation
Securities held as of December 31, 2022
(excluding investment in subsidiaries)

Name of holder	Category and name of security (note 1)	Relationship with company	Account title	Ending balance (note 2)				Note Shares
				Shares	Carrying amount	Shares	Carrying amount	
Shuang Bang Industrial Corporation	Stock-Nangang Cooperatives for common labors	-	Financial assets at fair value through profit or loss－non-current	200 shares	20	0.42	20	(note 3)
Shuang Bang Industrial Corporation	Stock-LOYAL SPLENDOR INT’L LTD.(Seychelles)	-	Financial assets at fair value through profit or loss－non-current	540	14,306	18.00	14,306	(note 3)
Shuang Bang Industrial Corporation	Stock-GRAND AND GREAT CORPORATION LIMITED(Samoa)	-	Financial assets at fair value through profit or loss－non-current	1,400	24,843	4.44	24,843	(note 3)

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 “Financial instruments. “
Note 2: Refer to the note 6(6) and note 6(7) in consolidated financial statements.
Note 3: The number of shares of securities and were not pledged as security or pledged for loans and their restrictions on use under some agreements.

Table 2

Shuang Bang Industrial Corporation
Disposal of real property with the transaction amount reaches 20 percent or more of paid-in capital, or NT$300 million
For the year ended December 31, 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Seller Company	Property name	Effective date (note 1)	Originally acquisition date	Book Value	Transaction value (note 2)	Received or not	Gains or loss on disposals	Trading partner	Relation	Purposes	Price references	Others
The Company	Land, buildings and additional equipment	2022/03/03	2002/12/26	271,316	461,001	Received	189,685	Shuter Enterprise Co., LTD	None	Long-term strategies	Refer to professional appraisal reports	Sale-leaseback (note 3)

Note 1: The date that finished transferring.
Note 2: Transaction value is equal to the contractual price of land, buildings and equipment amounting to $464,728 thousand less related expenses of $2,337 thousand and VAT tax of $1,390 thousand.
Note 3: For the purpose of moving equipment, the Company leased the property from Shuter Enterprise Co., LTD. The rental fees were calculated by the actual usage days.

Table 3

Shuang Bang Industrial Corporation
Business relationship and significant intercompany transactions
For year ended December 31, 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Number (Note1)	Name of Company	Name of counterparty	Nature of relationship (Note2)	Intercompany transactions			
						Trading terms	Percentage of the consolidated net revenue or total assets (Note3)
0	Shuang Bang Industrial Corporation	Miracle textile industry Co., LTD.	1	Sales revenue	54,442	-	2.75
				Notes receivables－related party	7,629	Net 120 days	0.33
				Accounts receivables－related party	2,356	Net 120 days	0.10
				Other income	173	-	0.01
0	Shuang Bang Industrial Corporation	Shoetex Corporation	1	Sales revenue	3,630	-	0.18
				Accounts receivables－related party	419	Net 105 days	0.02
				Lease receivables－related party	1,280	-	0.05
				Other accounts payables－related party	1,266	-	0.05
				Other accounts payables－related party	53	-	-

Table 3

Shuang Bang Industrial Corporation
Business relationship and significant intercompany transactions
For year ended December 31, 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Number (Note1)	Name of Company	Name of counterparty	Nature of relationship (Note2)	Intercompany transactions			
						Trading terms	Percentage of the consolidated net revenue or total assets (Note3)
				Direct labor	120	-	0.01
				Selling-entertainment expense	1	-	-
				Administrative-entertainment expense	10	-	-
				Rental income	600	-	0.03
				Other income	461	-	0.02

Note1: Numbers are filled in as follows:
1.0 represents the parent company.
2. Subsidiaries are numbered from 1.
Note 2: Nature of relationship:1. From parent to subsidiary. ；2. From subsidiary to parent. 3. Between subsidiaries.
Note 3: Regarding the percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on ending balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

Table 4

Shuang Bang Industrial Corporation and Subsidiaries
Information of investees
For year ended December 31, 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment	Original investment amount		Balance as of December 31, 2022			Net loss (note 2)	Investment income (loss) (Note2)	Note
				Outflow	Inflow	Shares (in thousands)	Percentage of ownership%	Carrying value			
Shuang Bang Industrial Corporation	SHUANG BANG INDUSTRIAL CORP.(BVI)(Note1)	BVI	Investment	-	62,488	-	-	-	-	-	-
Shuang Bang Industrial Corporation	Miracle Textile Industry Co., Ltd.	TW	Manufacturing of coatings	22,517	22,517	2,225	44.50	21,124	(4,142)	(1,843)	Subsidiary
Shuang Bang Industrial Corporation	Shoetex Corporation	TW	Manufacturing of finished shoes	54,600	54,600	5,460	62.47	31,796	(12,515)	(7,818)	Subsidiary

Note1: The Company has short form merger with the subsidiary, Shuang Bang Industrial Corp. (BVI) and set November 30, 2022 as effective base date.
Note2: Recognized based on the financial statements audited by certified public accountants.

Table 5

Shuang Bang Industrial Corporation
Information of investment in Mainland China
For year ended December 31, 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 3)	Investment flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits /Losses	Carrying Amount as of Balance as of December 31, 2022(Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
-	-	-	-	-	-	-	-	-	-	-	-	-

Accumulated Investment in Mainland China as of S December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 1)
24,849	24,849	795,550

Note1: The net value of the stocks on the balance sheet date by 1,325,917 thousand * 0.6 = 795,550 thousand dollars.

Note2: The above amounts were translated into New Taiwan dollars at the prevailing exchange rate as of December 31, 2022, except for the original investment.

Note3: The Company did not have any investments in Mainland China currently.

Table 6

Shuang Bang Industrial Corporation
Information of major shareholders
December 31, 2022

Shareholders	Shares	
	Total shares owned	Ownership percentage
Chang, Chung-Tung	6,479,434	7.86%
Chen, A-Ming	4,998,802	6.06%

Note1：The main shareholder information in this table was calculated by the insurance company Taiwan Depository & Clearing Corporation (TDCC) on the last business day at the end of each quarter, the total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the company without physical registration has reached more than 5%. As for the share capital recorded in the company's financial report and the number of shares actually delivered by the company without physical registration, there may be differences due to the different calculation basis.

Shuang Bang Industrial Corporation

Statements of Major Accounting items

For the year ended 2022

Shuang Bang Industrial Corporation

Statement of cash and cash equivalents

December 31, 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Items	Description	Amount	Note
Cash		$283	
Check Deposit		8,228	
Demand Deposit		15,302	
Foreign currency deposit	USD 1,696,958.55, JPY119,193, HKD 6.11、EUR 0.03 and RMB 1.65	52,125	USD$1＝NT$ 30.70 JPY$1＝NT$ 0.2326 HKD$1＝NT$ 6.11 EUR$1＝NT$ 0.03 RMB$1＝NT$ 1.65
Total		$75,938	

Shuang Bang Industrial Corporation
Statement of notes receivables
December 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Related party, arising from operating			
Company C1	Notes receivables from operating revenue	$6,994	
Company H1	〃	10,008	
Company H2	〃	5,288	
Others	〃	60,775	The amount of individual client included in others does not exceed 5% of the account balance.
Third party	Notes receivables from compensation revenue	35	
Subtotal		$83,100	
Less: Allowance for doubt accounts		–	
Net amount from non-related person		$83,100	
Related party			
Company T	Notes receivables from operating revenue	7,629	
Company C2	〃	37	
Subtotal		$7,666	
Less: Allowance for doubt accounts		–	
Net amount from non-related person		$7,666	
Total		$90,766	

Shuang Bang Industrial Corporation
Statement of accounts receivables
December 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Related party			
Company B	Accounts receivables from operating revenue	$59,266	
Company H1	〃	28,275	
Company G	〃	21,878	
Company H3	〃	20,961	
Company J	〃	20,037	
Others	〃	178,826	The amount of individual client included in others does not exceed 5% of the account balance.
Subtotal		329,243	
Less: Allowance for doubt accounts		(32)	
Net amount		$329,211	
Third party			
Company H4	Accounts receivables from operating revenue	8,318	
Company T	〃	2,355	
Company S1	〃	420	
Company C2	〃	163	
Subtotal		$11,256	
Less: Allowance for doubt accounts		–	
Net amount of related party		$11,256	
Total		$340,467	

Shuang Bang Industrial Corporation
Statement of other accounts receivables
December 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Non-related party			
Reimbursement expense	Reimbursement expenses for utility and maintenance	$201	
Subtotal		201	
Related party			
Company S1	Reimbursement expenses for rents of the plant	$1,266	
Subtotal		1,266	
Total		1,467	

Shuang Bang Industrial Corporation

Statement of inventories

December 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Item	Amount		Notes
	Cost	Net realizable value	
Goods	$6,065	$7,937	Net realizable value as market price
Finished goods	140,936	198,596	Net realizable value as market price
Semi-finished goods	14,288	8,201	Net realizable value as market price
Work In Process	12,206	12,206	Net realizable value as market price
Raw materials	98,652	101,568	Replacement value as market price
Supplies and spare parts	30,049	31,267	Replacement value as market price
Total	302,196	359,775	

Shuang Bang Industrial Corporation

Statement of Financial assets at fair value through profit or loss, noncurrent

For the year ended December 31, 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise))

Name	Balance, January 1, 2022		Additions in Investment		Decrease in Investment		Balance, December 31, 2022		Pledged as collateral
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value	
Stock-Nangang Cooperatives for common labors	200 shares	$20	-	-	-	-	200 shares	$20	Nil
LOYAL SPLENDOR INT'L LTD.(Seychelles)	450	10,862	90	$3,444	-	-	540	14,306	Nil
GRAND AND GREAT CORPORATION LIMITED （Samoa）	-	-	1,400	43,510	-	($18,667)	1,400	24,843	Nil
Total	-	10,882	-	46,954	-	(18,667)	-	39,169	

Shuang Bang Industrial Corporation

Statement of Financial assets at fair value through OCI, noncurrent

For the year ended December 31, 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name	Balance, January 1, 2022		Additions in Investment		Decrease in Investment		Balance, December 31, 2022		Pledged as collateral
	Shares	Fair value	Shares	Amount	Shares	Shares	Fair value	Shares	
Sunko Ink Co. (Note)	-	-	-	-	-	-	-	-	
Total	-	-	-	-	-	-	-	-	

Note: The Company sold the common stocks of Sunko Ink Co. at fair values for the year ended December 31, 2021

Shuang Bang Industrial Corporation

Statement of Changes in Investment accounted for using equity method noncurrent

For the year ended December 31, 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name	Balance, January 1, 2022		Additions in investment		Decrease in Investment		Balance, December 31, 2022			Market value or Net assets value		Pledged as collateral
	Share	Amount	Share	Amount	Share	Amount	Share	Ownership %	Amount	Unit price (dollar)	Total	
SHUANG BANG INDUSTRIAL CORP.(BVI) Note 2	Note1	$39,029	-	$4,526	-	($43,555)	-	-	-	-	-	-
Miracle Textile Industry Co., Ltd.	2,225	27,425	-	-	-	(6,301)	2,225	44.50	21,124	9	21,124	Nil
Shoetex Corporation	5,460	39,690	-	-	-	(7,894)	5,460	62.47	31,796	6	31,796	Nil
Total	-	106,144	-	4,526	-	(57,750)	-		52,920	-	52,920	

Note1: The investee had applied to change to non par value stocks on March 16, 2018.

Note2: Shuang Bang Industrial Corp. (BVI) had been dissolved after short form merger with the Company on November 30, 2022.

Shuang Bang Industrial Corporation
Statement of Change in right-of-use assets
For the year ended December 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Items	Balance, January 1, 2022	Additions	Decrease	Balance, December 31, 2022	Note
Buildings	$5,729	$1,312	$(5,729)	$1,312	
Transportation	12,369	2,424	(2,303)	12,490	
Total	$18,098	$3,736	$(8,032)	$13,802	

Shuang Bang Industrial Corporation

Statement of depreciation of right-of-use assets

For the year ended December 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Items	Balance, January 1, 2022	Additions	Decrease	Balance, December 31, 2022	Note
Buildings	$3,819	$2,347	$(5,729)	$437	
Transportation	5,105	2,544	(2,303)	5,346	
Total	$8,924	$4,891	$(8,032)	$5,783	

Shuang Bang Industrial Corporation
Securities held as of December 31, 2022
(excluding investment in subsidiaries)

Type	Carrying amount	Period	Percentage of ownership (%)	Credit for financing	Collateral
Operating fund					
Land Bank of Taiwan	$5,000	2022.11.07～2023.05.05	Note1	50,000	None
Inland L/C credit					
Land Bank of Taiwan	8,630	2022.11.15～2023.05.24	Note1	50,000	None
Mega Bank	41,975	2022.07.12～2023.03.25	Note1	Note 2	None
Hua Nan Bank	39,400	2022.09.16～2023.04.19	Note1	250,000	Plant
International L/C credit					
E. Sun Bank	2,810	2022.12.23～2023.06.21	Note1	80,000	None
Land Bank of Taiwan	2,931	2022.12.14～2023.06.04	Note1	50,000	None
Bank of Taiwan	2,853	2022.12.14～2023.03.14	Note1	50,000	None
Mega Bank	2,927	2022.12.23～2023.06.21	Note1	Note 2	None
Total	$106,526				

Note1: The short-term interest rates of borrowing as of December 31, 2022 was 1.625% to 6.51%.

Note2: The credit amount in Mega Bank was USD 4,000 thousand.

Shuang Bang Industrial Corporation
Statement of Notes payable
December 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Customer Name	Description	Amount	Note
Non related party, arising from operating			
Company S2	Loans	$188	
Company A1	〃	100	
Company A2	〃	28	
Others	〃	6	The amount of individual client included in others does not exceed 5% of the account balance.
Subtotal		$322	
Non related party, arising not from operating			
Company Z	Purchase of property, plant and equipment	18,816	
Company S3	〃	8,425	
Company I	〃	8,077	
Company M	〃	3,688	
Company F	〃	2,665	
Others	〃	6,462	The amount of individual client included in others does not exceed 5% of the account balance.
Subtotal		48,133	
Total		48,455	

Shuang Bang Industrial Corporation

Statement of Notes payable

December 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Supplier Name	Description	Amount	Note
Nonrelated party			
Company W1	Loans	$14,621	
Company C3	〃	9,001	
Company W2	〃	8,706	
Others	〃	141,481	The amount of individual client included in others does not exceed 5% of the account balance.
Total		173,809	

Shuang Bang Industrial Corporation
Statement of Other accounts payable
December 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Supplier Name	Description	Amount	Note
Nonrelated party			
Salary and bonus payables	Salary and bonus	$46,015	
Employee's compensation payables	Employees' compensation	20,000	
Directors' and supervisors' remuneration payables	Directors' remuneration	8,500	
Other	Insurance and miscellaneous expenses	57,922	The amount of individual client included in others does not exceed 5% of the account balance.
Subtotal		$132,437	
Related party			
Company S1	Kinds of shoes	53	
Subtotal		53	
Total		$132,490	

Shuang Bang Industrial Corporation
Statement of Lease Liabilities
December 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Item	Lease Period	Discount rate (%)	Ending balance	Note
Buildings	1 to 5 years	1.250～1.644	$2,152	
Transportation	1 to 5 years	0.967～4.248	7,056	
Total			$9,208	

Shuang Bang Industrial Corporation
Statement of Long-term Liabilities
December 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Creditor	Description	Amount due within 1 year	Amount due after 1 year	Contract Period	Interest rate%	Pledged or collateral
Chang Hwa Commercial Bank	Secured long-term loans	$26,231	$273,237	2019.05.09～2034.05.09	1.76	Land and plant
Hua Nan Bank	Secured medium-term loans	18,000	28,500	2020.07.14～2025.07.14	1.85	Land and plant
	Secured medium-term loans	22,000	34,834	2020.07.14～2025.07.14	1.95	None
Mega Bank	Secured medium-term loans	—	80,000	2022.07.21～2024.07.21	1.675	Land and plant
Total		66,231	416,571			

Note: As of December 31, 2022, the interest rate was between 1.675% to 1.950% for long-term loans.

Shuang Bang Industrial Corporation

Statement of Sales Revenue

For the year ended December 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Coatings	22,609 thousand yards	$1,005,473	
Hardener	2,633 tons	440,524	
Polyurethane	2,727 tons	236,003	
Thermoplastic Polyurethane	917 thousand yards and 442 tons	171,707	
Blown Film	6,131 thousand yards and 1 ton	60,655	
Adhesives	432 tons	31,126	
Photoinitiator	52 tons	31,546	
Additional Processing Revenue	Revenue of additional processing for the customers	16,708	
Subtotal		$1,993,742	
Less: Sales Returns		(5,001)	
Sales Discounts		(7,303)	
Total		$1,981,438	

Shuang Bang Industrial Corporation

Statement of Operating Costs

For the year ended December 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Items	Amount
Inventory, January 1	$15,897
Add: Net amount of purchase for the period	16,638
Less: Ending inventory	(6,774)
Cost of Goods Sold	$25,761
Raw Material, January 1	$140,899
Add: Net amount of purchase for the period	1,004,642
Others (transferred from WIP)	5,196
Less: Material, December 31	(105,262)
Sold of Materials	(12,582)
Other (transferred to other operating costs and operating expenses, etc.)	(13,112)
Consumption of Raw Materials	$1,019,781
Consumption materials, January 1	$33,270
Add: Net amount of purchase for the period	175,292
Others (transferred from WIP)	1,293
Less: Consumption Material, December 31	(35,328)
Sold of Consumption Materials	(329)
Other (transferred to other operating costs and operating expenses, etc.)	(66,286)
Consumption of Materials	$107,912
Direct Labor	$142,428
Operating Expenses	370,859
Operating Costs	$1,640,980
Add: WIP, January 1	13,107
Less: WIP, December 31	(12,206)
Add: Semi-finished goods, January 1	9,123
Less: Semi-finished goods, December 31	(15,945)
Add: Others (adjustments of semi-finished goods)	411
Less: Other (transferred to other operating costs and operating expenses, etc.)	(10,949)
Add: Finished goods, January 1	155,348
Less: Finished goods, December 31	(153,873)
Add: Others (adjustments of semi-finished goods)	225
Less: Other (transferred to other operating costs and operating expenses, etc.)	(45,165)
Total amount of cost of goods sold	$1,581,056
Add: Others (sales of raw materials, coating expenses and allowance for inventory loss	70,744
Less: Others (revenues from sales of scraps)	(8,184)
Operating Costs	$1,669,377

Shuang Bang Industrial Corporation
Statement of Operating Expenses
For the year ended December 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Consumption of materials	Consumption of materials	$92,591	
Depreciation	Depreciation expense for the period	64,292	
Utility Expense	Utility Expense	54,225	
Salary Expense	Salary, overtime paid and profit sharing	40,738	
Waste Disposal Fees	Maintenance of administrative center	27,715	
Other operating expenses	Security service expenses	31,287	
Others	Additional processing, maintenance and insurance fees	60,011	The amount of individual client included in others does not exceed 5% of the account balance.
Total		$370,859	

Shuang Bang Industrial Corporation
Statement of Selling Expenses
For the year ended December 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Customs fees	Customs fees	$30,308	
Salary	Salary, overtime paid and profit sharing	26,634	
Freight	Freight of sold of goods	11,049	
Other expenses	Selling and testing expenses	4,509	
Others	Sampling, commission, and insurance expenses	12,813	The amount of individual client included in others does not exceed 5% of the account balance.
Total		$85,313	

Shuang Bang Industrial Corporation
Statement of General Expenses
For the year ended December 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Salary	Salary, overtime paid and profit sharing	$55,736	
Other expenses	Annual party and traveling expenses for directors	9,165	
Rental expenses	Rental of warehousing and parking lots	6,368	
Depreciation	Depreciation expense for the period	6,102	
Others	Insurance expenses, employees' welfare, and professional technology	19,805	The amount of individual client included in others does not exceed 5% of the account balance.
Total		$97,176	

Shuang Bang Industrial Corporation
Statement of Research and Development Expenses
For the year ended December 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Salary	Salary, overtime paid and profit sharing	$14,042	
Other expenses	Consumption of materials for R&D and waste disposal	5,681	
Depreciation	Depreciation expense for the period	1,509	
Labor and health insurance	Employees' insurance and property insurance	1,239	
Others	Pension, amortization, and meal allowance	2,242	The amount of individual client included in others does not exceed 5% of the account balance.
Total		24,713	

Shuang Bang Industrial Corporation
Summary of employee's welfare, depreciation and amortization by functions
For the year ended December 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employees' benefit						
Salary Expenses	$193,516	$ 87,552	$281,068	$166,652	$ 67,063	$233,715
Labor and health insurance	14,859	6,306	21,165	14,945	6,230	21,175
Pension Expenses	5,105	3,110	8,215	5,046	3,263	8,309
Boards' remuneration	-	9,500	9,500	-	3,250	3,250
Others	5,846	5,241	11,087	5,811	3,579	9,390
	$219,326	$111,709	$331,035	$192,454	$ 83,385	$275,839
Depreciation	$ 64,356	$ 9,412	$ 73,768	$ 70,565	$ 9,209	$ 79,774
Amortization	$ 938	$ 2,530	$ 3,468	$ 798	$ 2,988	$ 3,786

Note 1: As of December 31, 2022 and 2021, the Company had 342 and 347 employees, respectively. There were 7 and 6 non-employee directors.

Note 2: Average labor cost for the years ended December 31, 2022 and 2021 were NT$960 thousand and 799 thousand, respectively. Average salary and bonus for the years ended December 31, 2022 and 2021 were NT$839 thousand and 685 thousand, respectively.

Note 3: The average salary and bonus increased by 22.48% year over year.

Note 4: Average supervisor's compensation for the years ended December 31, 2022 and 2021 were NT$0 and NT$120 thousand.

Note 5: The Company's compensation policies:

(1) The Company's employees are entitled to a comprehensive compensation and benefits program above the industry average. The compensation program includes a monthly salary, business performance bonuses based on quarterly business results, a profit-sharing bonus based on annual profits, and a subsidy based on Employee Stock Purchase Plan. The Company determines the amount of the business performance bonus and profit sharing based on operating results and industry practice in the R.O.C. The amount and distribution of the bonus and profit sharing are recommended by the Compensation Committee (Note 8) to the Board of Directors for approval. Individual rewards are based on each employee's job responsibility, contribution, and performance.

(2) The Company's compensation policies: The Company's employees are entitled to a comprehensive compensation and benefits program above the industry average. The compensation program includes a monthly salary, business performance bonuses based on quarterly business results, a profit sharing bonus based on annual profits

(3) The total compensation paid to the executive officers is decided based on their job responsibility, contribution, company performance and projected future risks the Company will face. It is reviewed by the Compensation Committee then submitted to the Board of Directors for approval.

Please refer to note 6(9) for movements of property, plant and equipment.

Please refer to note 6(9) for movements of property, plant and equipment and accumulated depreciation.

Please refer to note 6(11) for statements of intangible assets.

Please refer to note 6(12) for statements of other noncurrent assets.

Please refer to note 6(16) for statements of current provision assets.

Shuang-Bang Industrial Corp.

Chairman: Chung-Tang Chang