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

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.

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 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

			December 31, 2022		December 31, 2021	
Codes	Assets	Notes	Amount	%	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

Codes	Liabilities and Equity	Notes	December 31, 2022 Amount	%	December 31, 2021 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)

				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	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.

<u>Financial liabilities</u>

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	Reclassifica tion	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	Reclassifica tion	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	Reclassifica tion	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	Reclassifica tion	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.