Stock Code:6506

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

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REPRESENTATION LETTER

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

Very truly yours,

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

Independent Auditors' Report

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

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

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

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

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

The audit procedures performed by the auditor include:

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

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

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

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

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

We remain solely responsible for our audit opinion.

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

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

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

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

Weyong International CPAs&Co.

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

Notice to Readers

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

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

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

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

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

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

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

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

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

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

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

		Equity attribute to the shareholders of the parent company											
				Retained earnings				Total other equity interest					
Item	Codes	Capital Stock-Common stock 3110	Capital Surplus 3200	Legal reserve 3310	Special Reserve 3320	Unappropriated retained earnings 3350	Total 3300	Exchange differences on translation of foreign financial statements 3410	Unrealized gains(loss) on financial assets measured at fair value through other comprehensive income 3420	Total 3400	Subtotal of equity attributable to the shareholders of the parent 31XX	Non-controlling interests 36XX	Total equity 3XXX
Balance on January 1, 2021	A1	$ 823,608	$ 51,669	$ 128,264	$ -	$ 203,796	$ 332,060	$ (3,331)	$ 1,668	$ (1,663)	$ 1,205,674	$ 51,160	$ 1,256,834
Appropriations of earnings of legal reserve	B1	-	-	5,917	-	(5,917)	-	-	-	-	-	-	-
Appropriations of earnings of special reserve	B3	-	-	-	1,663	(1,663)	-	-	-	-	-	-	-
Cash dividends	B5	-	-	-	-	(65,889)	(65,889)	-	-	-	(65,889)	-	(65,889)
Changes in capital surplus	C17	-	49	-	-	-	-	-	-	-	49	-	49
Net income for the year	D1	-	-	-	-	68,652	68,652	-	-	-	68,652	7,304	75,956
Other comprehensive income(loss) for the year	D3	-	-	-	-	(2,042)	(2,042)	(1,038)	6,536	5,498	3,456	-	3,456
Total comprehensive income(loss)	D5	-	-	-	-	66,610	66,610	(1,038)	6,536	5,498	72,108	7,304	79,412
Disposal of investments in equity instruments designated at fair value through other comprehensive income	Q1	-	-	-	-	8,204	8,204	-	(8,204)	(8,204)	-	-	-
Balance on December 31, 2021	Z1	823,608	51,718	134,181	1,663	205,141	340,985	(4,369)	-	(4,369)	1,211,942	58,464	1,270,406
Appropriations of earnings of legal reserve	B1	-	-	7,481	-	(7,481)	-	-	-	-	-	-	-
Appropriations of earnings of special reserve	B3	-	-	-	2,706	(2,706)	-	-	-	-	-	-	-
Cash dividends	B5	-	-	-	-	(123,541)	(123,541)	-	-	-	(123,541)	-	(123,541)
Cash distributed from capital surplus	C15	-	(41,180)	-	-	-	-	-	-	-	(41,180)	-	(41,180)
Changes in capital surplus	C17	-	14	-	-	-	-	-	-	-	14	-	14
Net income for the year	D1	-	-	-	-	263,739	263,739	-	-	-	263,739	(6,996)	256,743
Other comprehensive income(loss) for the year	D3	-	-	-	-	10,574	10,574	4,369	-	4,369	14,943	-	14,943
Total comprehensive income(loss)	D5	-	-	-	-	274,313	274,313	4,369	-	4,369	278,682	(6,996)	271,686
Cash dividends received by subsidiaries from the parent company	O1	-	-	-	-	-	-	-	-	-	-	(5,550)	(5,550)
Balance on December 31, 2022	Z1	$ 823,608	$ 10,552	$ 141,662	$ 4,369	$ 345,726	$ 491,757	$ -	$	$	$ 1,325,917	$ 45,918	$ 1,371,835

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

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

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

(Continued)

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

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

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

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

1. Company History

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

2. Approval date and procedures of the financial statements

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

3. New standards, amendments and interpretations adopted

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

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant impact on the accounting policies of Shuang Bang Industrial Corporation and its subsidiaries (collectively as the "Group").

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

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

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

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

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

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

- Note1: Unless stated otherwise, the above New IFRSs will be effective for annual reporting periods beginning on or after their respective effective dates.
- Note2: The seller and lessee shall apply the amendments of IFRS 16 retroactively to the sale and leaseback transactions signed after the date of initial application of IFRS 16.

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

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

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

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

B. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

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

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

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

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

B. List of subsidiaries in the consolidated financial statements

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

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

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

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

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

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

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

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

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

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

(B) The financial information was summarized as follows:

a. Balance sheets

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

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

b. Comprehensive income statements

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

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

C. Cash flows statements

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

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

(4) Foreign currencies

A. The financial statements of each individual consolidated entity

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

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

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

B. Consolidated financial statements

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

C. Foreign operations

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

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

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

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

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

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

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

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

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

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

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

(6) Cash and cash equivalents

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

(7) Inventory

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

(8) Non-current assets held for sale

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

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

(9) Property, plant and equipment

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

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

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

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

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

(10) Leases

A. Identify a lease

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

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

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

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

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

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

B. As a lessee

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) there are any lease modifications.

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

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

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

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

C. As a lessor

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

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

(11) Intangible assets

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

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

(12) Impairment of tangible and intangible assets

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

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

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

(13) Provision

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

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

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

(14) Employee benefits

A. Short-term employee benefits

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

B. Retirement benefits

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

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

(15) Financial instruments

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

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

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

Financial Assets

A. Category of financial assets and measurement

a. Fair value through profit or loss (FVTPL)

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

b. Fair value through other comprehensive income (FVTOCI)

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

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

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

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

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

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

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

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

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

d. Notes and accounts receivables, other receivables

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

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

B. Derecognition of financial assets

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

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

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

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

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

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

C. Impairment policy

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

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

b. Other financial assets

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

Financial liabilities

A. Classification and subsequent measurement

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

a. Financial liabilities at fair value through profit or loss

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

b. Financial liabilities measured at amortized cost

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

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

B. Derecognition of financial liabilities

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

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

(16) Government Grants

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

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

(17) Share-based payment arrangement

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

(18) Revenue Recognition

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

A. Identify the contract with the customer;

B. Identify the performance obligation in the contract;

C. Determine the transaction price;

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

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

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

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

Interest income

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

Dividend income

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

(19) Taxation

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

A. Current tax

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

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

B. Deferred tax

Deferred tax is recognized on temporary differences between the book values of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for purchase of machinery equipment, research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The book value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

C. Current and deferred tax for the year

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

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

In the application of the Group’s accounting policies, which are described in Note 4, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

(1) Loss allowance of accounts receivables

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

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

(2) Valuation of Inventories

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

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

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

6. Explanation of significant accounts

(1) Cash and cash equivalents

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

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

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

(2) Financial assets at amortized costs－current

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

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

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

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

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

(3) Accounts and notes receivables, net

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

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

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

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

Details of allowance of accounts receivables were as follows:

December 31, 2022

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

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

December 31, 2021

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

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

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

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

(4) Inventories

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

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

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

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

(5) Non-current assets held for sale

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

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

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

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

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

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

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

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

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

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

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

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

Equity

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

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

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

The Group recognized dividend income amounted to $250 thousand.

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

(8) Property, plant and equipment

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

A. Owner occupation

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

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

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

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

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

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

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

B. Operating leases

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

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

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

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

Item	Useful lives
Buildings	10 to 48 years

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

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

(9) Leases

Lessee

A. Right-of-use assets

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

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

B. Lease liabilities

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

The discount rates of lease liabilities were as follows:

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

C. Significant leasing activities and requirements

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

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

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

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

Lessor

A. Rental agreements

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

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

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

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

2. non-cancellable operating lease contracts

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

(10) Intangible assets

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

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

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

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

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

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

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

(11) Other noncurrent assets

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

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

(12) Short-term loans

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

The abovementioned loans were all bank loans.

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

(13) Notes and accounts payables

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

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

(14) Other payables

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

(15) Provision

	December 31, 2022	December 31, 2021
Employees benefits	$ 8,189	$ 8,133
Returns and discounts	2,000	2,000
Sales rebates	2,255	-
	$ 12,444	$ 10,133

	Employees benefits	Returns and discounts	Sales rebates	Total
Balance on January 1, 2022	$ 8,133	$ 2,000	$ -	$ 10,133
Provision for the period	8,156	-	2,255	10,411
Payments for the period	(176)	-	-	(176)
Write-off for the period	(7,924)	-	-	(7,924)
Balance on December 31, 2022	$ 8,189	$ 2,000	$ 2,255	$ 12,444

	Employees benefits	Returns and discounts	Sales rebates	Total
Balance on January 1, 2021	$ 8,102	$ 2,000	$ -	$ 10,102
Provision for the period	7,238	-	-	7,238
Payments for the period	(124)	-	-	(124)
Write-off for the period	(7,083)	-	-	(7,083)
Balance on December 31, 2021	$ 8,133	$ 2,000	$ -	$ 10,133

The Group's provision was for benefits of accumulated paid time off as of the balance sheet date, probable sales returns of the products and the sales rebates. Provision for warranty and after service cost was estimated based on the historical information, management judgements and other known factors.

(16) Other current liabilities

	December 31, 2022	December 31, 2021
Contract liabilities	$ 9,722	$ 56,781
Temporary receipts	167	230
Receipts under custody	1,345	1,172
Deferred revenue－current	682	682
	$ 11,916	$ 58,865

(17) Long-term loans

Category	Due year	December 31, 2022	December 31, 2021
Secured borrowings	2023	$ -	$ 35,071
Secured borrowings	2024	82,240	3,360
Secured borrowings	2025	46,500	64,500
Secured borrowings	2034	299,468	325,699
Unsecured borrowings	2023	-	25,000
Unsecured borrowings	2025	64,271	88,896
Unsecured borrowings	2026	4,750	6,000
		$ 497,229	$ 548,526
Current portion of long-term loans payable		$ 71,476	$ 117,940
Non-current		425,753	430,586
		$ 497,229	$ 548,526
Interest rate of loans (%)		1.67～2.479	1.17～1.845

Some of the abovementioned loans had been paid in advance.

The abovementioned loans are bank loans and used in floating rate borrowings, please refer to note 6(25).

The Group's pledged and mortgaged assets used as collateral for long term loans, please refer to note 8.

(18) Government grants

The Group purchased pollution control equipment in 2015 and had applied for exemption in the local government in accordance with the laws. The application had been reviewed and approved by the Department of Environmental Protection in Taoyuan and obtained $5,000 thousand of the exemption. As of December 31, 2022, the remaining amounted to $844 thousand.

The Group purchased pollution control equipment in 2018 and had applied for exemption in the local government in accordance with the laws. The application had been reviewed and approved by the Bureau of Energy, Ministry of Economic Affairs and obtained $5,000 thousand of the exemption. As of December 31, 2022, the government grant was recognized under other liabilities, current and long-term deferred revenue and will be transferred to other revenue in accordance the useful lives of the equipment.

The Group had applied for Industrial Upgrading Innovation Platform Guidance Program by the Ministry of Economic Affairs and had been reviewed and approved. As of December 31, 2021, the Group obtained the government grants amounted to $10,400 thousand and recognized under other revenue.

The Group received a salary subsidy and operational capital subsidy of $3,136 thousand in accordance with Article 5 of the "Regulations Governing Subsidies and Assistance for Industries Affected by COVID-19" implemented by the Ministry of Economic Affairs in 2021, and recognized it as other income.

(19) Post-employment benefits plans

A. Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, the Group have made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Accordingly, the Group recognized as expenses under consolidated comprehensive income statement of $10,806 thousand and $10,882 thousand. As of December 31, 2022 and 2021, the unpaid amount of define benefits plans amounted to $2,558 thousand and $2,515 thousand, respectively.

B. Defined benefit plans

The Group has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. According to the law, two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Group contributes an amount equal to 5% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Group assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Group does not have any right to intervene in the investments of the Funds.

The net defined benefit obligation is currently calculated on the December 31, 2022, by independent actuary, Chen, Wen-Hsien, using the projected unit credit method.

The Group recognized pension expenses by using calculated pension expenses for the year ended 2022 and 2021.

(a) The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31, 2022		December 31, 2021	
Present value of defined benefit obligation	$	(44,907)	$	(55,683)
Fair value of plan assets		25,448		22,903
Net defined benefit liabilities	$	(19,459)	$	(32,780)

(b) Movements in net defined benefit liabilities

Movements in net defined benefit liabilities were as follows:

	2022		2021	
Balance on January 1	$	55,683	$	55,968
Benefit paid		-		(3,685)
Current service costs and interests		540		477
Loss (gain) on defined benefit obligation, experience adjustments		(8,639)		4,825
Loss (gain) on defined benefit obligation, changes in assumption				
- changes in demographic assumptions		-		221
- changes in financial assumptions		(2,677)		(2,123)
Effect of plan curtailment		-		-
Balance on December 31	$	44,907	$	55,683

(c) Movements in planned assets at fair value

Movements in net defined benefit assets were as follows:

	2022		2021	
Balance on January 1	$	22,903	$	25,626
Benefit paid		482		501
Paid benefit		-		(3,685)
Interest revenue from plan assets		162		91
Gains on experience from plan assets		1,901		370
Payments from plan assets		-		-
Balance on December 31	$	25,448	$	22,903

(d) Expenses through profit or loss

Expenses through profit or loss were as follows:

	2022		2021	
Current service cost	$	153	$	282
Net interests from net defined benefit liabilities		224		104
Pension expenses	$	377	$	386

An analysis of employee benefits expense by function:

	2022		2021	
Operating costs	$	243	$	250
Selling expenses		24		24
General and administrative expenses		99		101
Research and development expenses		11		11
	$	377	$	386

(e) Remeasurement of defined benefit obligation

	2022		2021	
Loss (gain) on defined benefit obligation, experience adjustments	$	(8,639)	$	4,825
Loss (gain) on defined benefit obligation, changes in assumption				
- changes in demographic assumptions		-		221
- changes in financial assumptions		(2,677)		(2,123)
Gains (loss) on experience from plan assets		(1,901)		(370)
Remeasurement of defined benefit obligation, net	$	(13,217)	$	2,553

(f) The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.30%	0.70%
Expected rate of salary increase	3.50%	3.50%

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

	December 31, 2022		December 31, 2021	
Discount rate				
0.25% increase	$	(1,052)	$	(1,469)
0.25% decrease	$	1,089	$	1,525
Expected rate of salary increase				
0.5% increase	$	1,062	$	1,480
0.5% decrease	$	(1,032)	$	(1,434)

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

	December 31, 2022		December 31, 2021	
Expected contributions to the plan for the next year	$	1,349	$	1,524
Average duration of the defined benefit obligation	9 years		10 years	

(g) Short-term employees benefit plant

The Group recognized paid time off leaves expenses of $8,156 thousand and $7,238 thousand for the year ended in 2022 and 2021, respectively.

(20) Equity

A. Common stocks

	December 31, 2022	December 31, 2021
Amount of shares authorized ($10 per share)	$ 1,200,000	$ 1,200,000
Amount of shares issued	$ 823,608	$ 823,608
Numbers of shares authorized (in thousand of shares)	120,000	120,000
Numbers of shares issued (in thousand of shares)	82,361	82,361

Each share has the same voting rights equal to the number of Directors to be elected and dividends receives.

B. Capital surplus

	December 31, 2022	December 31, 2021
Capital surplus	$ 983	$ 42,163
Employee share options	9,506	9,506
Expired dividends	63	49
	$ 10,552	$ 51,718

The capital surplus from shares issued in excess of par (including additional paid-in capital from the converted convertible bonds) may be used to offset deficits; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (but limited to a certain percentage of the Group's paid-in capital on a yearly basis).

The capital surplus arising from employee share options may not be used for any purpose. The capital surplus arising from expired dividends may not be used for any purpose, except for offsetting a deficit.

The Group's reconciliation of outstanding common stocks and capital surplus were as follows:

	Capital		Capital surplus		
	Shares (in thousand)	Amount	Share premiums	Employee share options	Expired dividends
Balance on January 1, 2022	82,361	$ 823,608	$ 42,163	$ 9,506	$ 49
Cash dividends from capital surplus	-	-	(41,180)	-	-
Others	-	-	-	-	14
Balance on December 31, 2022	82,361	$ 823,608	$ 983	$ 9,506	$ 63
Balance on January 1, 2021	82,361	$ 823,608	$ 42,163	$ 9,506	$ -
Others	-	-	-	-	49
Balance on December 31, 2021	82,361	$ 823,608	$ 42,163	$ 9,506	$ 49

C. Appropriation of earnings and dividend policy

According to the Group Act, A company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. The appropriation for legal capital reserve shall be made until the reserve equals the Group's paid-in capital. The reserve may be used to offset a deficit or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Group incurs no loss.

Pursuant to existing regulations, the Group is required to set aside additional special capital reserve equivalent to the net debit balance of stockholders' equity. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

When allocating the profits for each fiscal year, the following order shall be followed:

(a) pay all taxes and dues.

(b) offset accumulated deficits.

(c) set aside 10 percent of earning as legal reserve

(d) set aside special capital reserve in accordance with relevant laws or regulations.

The remaining balance after the mentioned above payment to be made, combining with the undistributed earnings of the proceeding years may be retained or distributed as shareholders' dividends after the approval of the shareholders' meeting.

Since the Group is in a highly developing industry, the Group has to adapt its dividend policy to meet the Group's long term development and capital requirement, along with the shareholders' demand of cash. Therefore, the Group is allowed to distribute no more than 90% of the amount of the profits of the fiscal year. The Board of Directors shall submit a distribution proposal for approval at the shareholder's meeting. Distribution of profits may be made by way of a cash dividend or stock dividend; provided, however, the ratio for cash dividend shall be not less than 10% of total distribution.

On March 18, 2022, the appropriation of cash dividends in 2021 and on March 26, 2021, the appropriation of cash dividends in 2020, which were resolved in the meeting of the Group's board of directors, and as for the other appropriation of earnings, which were resolved in the meeting of shareholders on June 9, 2022 and August 27, 2021, respectively were as follows:

	Appropriation of earnings		Dividends per share (NTD)	
Items	2021	2020	2021	2020
Legal reserve	$ 7,481	$ 5,917	$ -	$ -
Special capital reserve	2,706	1,663	-	-
Cash dividends	123,541	65,889	1.5	0.8
	$ 133,728	$ 73,469		

The appropriations of cash dividends have been approved by the Group's Board of Directors in its meeting. The appropriations and cash dividends per share were $0.5 per share with total of $41,180 thousand.

The appropriation of earnings for 2022, which were proposed by the Group's board of directors on March 17, 2023, were as follows:

Items	Appropriation of earnings 2022	Dividends per share (NTD) 2022
Legal reserve	$ 27,431	$ -
Cash dividends	98,833	1.2
	$ 126,264	

The appropriation of earnings in 2022 is subject to the resolution of the shareholders in their meetings on June 20, 2023.

(21) Sales revenue

	2022	2021
Revenue from contracts with customers		
Sales revenue	$ 2,177,815	$ 2,008,893
Service revenue	8,826	4,596
	$ 2,186,641	$ 2,013,489

<u>Balance of the contracts</u>

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivables, net (including related parties)	$ 92,478	$ 105,614	$ 58,154
Accounts receivables, net (including related parties)	$ 365,576	$ 368,128	$ 258,513
Contract liabilities－current (Recognized as other current liabilities)	$ 9,689	$ 10,748	$ 2,383

Changes arising from the contract liabilities were mainly because of the differences of fulfillment of the obligation and payment received from the customers.

The sales revenue on contract liabilities were as follows:

	2022	2021
Sales revenue of goods	$ 8,428	$ -

(22) Net income

The Group's net income included the following items:

A. Other revenue

	2022	2021
Government grant	$ -	$ 14,218
Rental revenue	4,794	2,539
Dividend income	-	257
Other income	3,646	2,286
	$ 8,440	$ 19,300

B. Other profit and loss

	2022	2021
Gains (loss) on disposal of plant, property and equipment	$ 190,054	$ (10,550)
Gains on foreign exchange	17,505	393
Net loss(profit) on financial assets at fair value through profit or loss	(18,077)	6,051
Reversal of impairment loss recognized in profit or loss	476	689
	$ 189,958	$ (3,417)

C. Depreciation and amortization

	2022	2021
Depreciation of plant, property and equipment	$ 78,800	$ 85,695
Depreciation of right-of-use assets	12,500	12,373
Amortization of intangible assets	3,815	4,087
	$ 95,115	$ 102,155

Depreciation expenses were summarized by functions:		
Operating costs	$ 80,266	$ 87,362
Operating expenses	11,034	10,706
Amortization expenses were summarized by functions		
Operating costs	938	798
Operating expenses	2,877	3,289
	$ 95,115	$ 102,155

D. Financial cost

	2022	2021
Bank loans	$ 6,998	$ 8,704
Interests from lease liabilities	432	584
Handling fees	179	193
	$ 7,609	$ 9,481
Amount of capitalized borrowing costs	$ 2,660	$ 581
Rate of capitalized borrowing costs (%)	1.284～1.656	1.284～1.656

E. Gains (loss) on foreign exchange

	2022	2021
Total of gains on foreign exchange	$ 33,356	$ 8,567
Total of loss on foreign exchange	(15,851)	(8,174)
Total of gains (loss) on foreign exchange	$ 17,505	$ 393

F. Employees benefits

	2022	2021
Salary	$ 353,041	$ 320,773
Employee insurance	28,690	28,752
Post-employment benefits plans		
Defined contribution plans	10,806	10,882
Defined benefit plans	377	386
Directors' remuneration	9,520	3,565
Other benefits	13,556	12,280
	$ 415,990	$ 376,638

		2022		2021
Summary by function:				
Operating costs	$	292,545	$	279,912
Operating expenses		123,445		96,726
	$	415,990	$	376,638

G. Employees’ compensation and remuneration of directors

According to the Group’s Articles of Incorporation, the Group shall allocate compensation to directors and profit-sharing bonus to employees of the Group as follows:

If there is any profit for the current fiscal year, the Group shall allocate 5% to 10% of the profit as employees’ compensation and shall allocate at a maximum of 3% of the profit as remuneration to directors, provided that the Group’s accumulated losses shall have been covered in advance.

The aforementioned income was calculated using the Group’s net income before income taxes without the remunerations to employees and directors for each period. The employee remuneration will be distributed in cash or in the form of shares to the employees of the controlling companies and subsidiaries who meet certain criteria.

The distributable dividends and bonus in whole or in part or the legal reserve and capital reserved in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders’ meeting.

The Group estimated the employees’ compensation and directors’ remuneration were as follows:

Percentage of estimate

	2022	2021
Employees’ compensation	6.42%	6.46%
Directors’ remuneration	2.73%	2.77%

Amount

		2022		2021
Employees’ compensation	$	20,000	$	5,762
Directors’ remuneration	$	8,500	$	2,470

The estimated amount of employees’ compensation and directors’ remuneration were recognized as an operating cost or operating expense. If there is a change in the proposed amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

If the board of directors decided to pay the employee remuneration in the form of company shares, the number of dividend shares is determined by dividing the amount of the dividend by the fair value of the share. The fair value of the share is based on the closing price of the day before the resolution date of the shareholders’ meeting.

The 2021 and 2020 employee’s compensation and director’s and supervisor’s remuneration were respectively resolved in the board meeting on March 18, 2022 and March 26, 2021 as follows:

	2021		2020	
Employees' compensation	$	5,762	$	5,330
Directors' remuneration	$	2,470	$	2,134

There is no difference between the 2021 and 2020 employee's compensation and director's and supervisor's remuneration and the Group's 2021 and 2020 recognized fee estimates.

The information about appropriations of the Group's employees' compensation and remuneration to directors is available on the Market Observation Post System website.

(23) Income tax

A. Income tax expense recognized in profit or loss

The major components of tax expense (benefit) were as follows:

	2022		2021	
Current tax				
Current year	$	25,471	$	18,375
Adjustments for prior year		6		-
Income tax on unappropriated earnings		(3,852)		(1,831)
Recognized loss carryforwards		-		(522)
Deferred tax				
Current year		(6,194)		(972)
Income tax expense recognized in profit or loss	$	15,431	$	15,050

A reconciliation of accounting profit and income tax expense was as follows:

	2022		2021	
Profit before tax from continuing operations	$	272,174	$	91,006
Income tax expense calculated at the statutory rate		56,590		19,506
Effect of adjustments to income tax				
Non-deductible expenses in determining taxable income		112		193
Tax-exempt income		-		(679)
Temporary difference		4,205		(1,270)
Deferred tax		(6,194)		(731)
Income tax on unappropriated earnings		6		-
Gains on sale of the land		(35,820)		-
Other		384		384
Recognized loss carryforwards		-		(522)
Adjustments for prior year		(3,852)		(1,831)
Income tax expense recognized in profit or loss	$	15,431	$	15,050

B. Recognized in other comprehensive income

	2022		2021	
Remeasurement of defined benefit plans	$	(2,643)	$	511

C. Deferred tax

The Group's movements of deferred tax assets and liabilities for the years ended in 2022 and 2021 were as follows:

	January 1, 2022	Recognized as profit or loss	Recognized as OCI	December 31, 2022
Deferred tax assets				
Temporary difference				
Defined benefit plans	$ 6,556	$ (21)	$ (905)	$ 5,630
Inventory	7,015	(778)	-	6,237
Accounts receivables	6,365	(3,300)	-	3,065
Financial assets at fair value through profit or loss	589	3,755	-	4,344
Provision	1,627	454	-	2,081
Plant, property and equipment	547	(172)	-	375
Other payables	1,291	(128)	-	1,163
Recognized loss carryforwards	6,924	3,297	-	10,221
Others	970	990	-	1,960
	$ 31,884	$ 4,097	$ (905)	$ 35,076
Deferred tax liabilities				
Temporary difference				
Defined benefit plans	$ -	$ -	$ 1,738	$ 1,738
Inventory	4,359	(1,942)	-	2,417
Plant, property and equipment	102	(4)	-	98
Others	363	(151)	-	212
	$ 4,824	$ (2,097)	$ 1,738	$ 4,465

	January 1, 2021	Recognized as profit or loss	Recognized as OCI	December 31, 2021
Deferred tax assets:				
Temporary difference				
Defined benefit plans	$ 6,067	$ (22)	$ 511	$ 6,556
Inventory	6,728	287	-	7,015
Accounts receivables	2,067	4,298	-	6,365
Financial assets at fair value through profit or loss	579	10	-	589
Provision	1,621	6	-	1,627
Plant, property and equipment	760	(213)	-	547
Other payables	1,323	(32)	-	1,291
Recognized loss carryforwards	6,927	(3)	-	6,924
Others	1,706	(736)	-	970
	$ 27,778	$ 3,595	$ 511	$ 31,884
Deferred tax liabilities:				
Temporary difference				
Inventory	$ 1,680	$ 2,679	$ -	$ 4,359
Plant, property and equipment	-	102	-	102
Others	521	(158)	-	363
	$ 2,201	$ 2,623	$ -	$ 4,824

D. Unrecognized loss carryforwards, deferred tax assets and liabilities and temporary difference

(a) Unrecognized deferred tax assets

	December 31, 2022	December 31, 2021
Investment using equity method	$ 4,339	$ 2,857

(b) Unrecognized deferred tax liabilities

	December 31, 2022	December 31, 2021
Investment using equity method	$ 1,373	$ 1,742
Translation of foreign operations	$ -	$ 863

E. Income tax assessment

As of March 17, 2023, the income tax returns of the Group through 2020 and its subsidiaries have been examined by the tax authorities.

(24) Capital management

The income tax returns of the Group through 2018 and its subsidiaries have been examined by the tax authorities. And the income tax returns of the Group's subsidiaries through 2019 have been examined by the tax authorities.

The coating markets had been affected by the global demands which needs large amount of operating fund in the early of the year. The Group manages its capital risk to ensure sufficient financial resources and operational plan to meet the demand of necessary operating fund, capital expenditure, research and development expense, debt repayment, and dividend expenditure for the future. The Group had adjusted the proportion of liabilities to maintain the capital structures. The ratio of assets and liabilities as of December 31, 2022 and 2021, respectively were as follows:

	December 31, 2022	December 31, 2021
Total of liabilities	$ 1,096,505	$ 1,304,803
Total of assets	2,468,340	2,575,209
Ratio of liabilities (%)	44.42	50.67

(25) Financial instruments

A. Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents	$ 134,236	$ 105,980
Financial assets at amortized cost － current	1,200	1,228
Notes and accounts receivables, net	458,089	474,207
Other accounts receivables	762	422
Other current assets	85	4,308
Other noncurrent assets	6,578	4,478
Financial assets at amortized cost － noncurrent	36,169	49,869
Financial liabilities		
Financial liabilities		
Short-term loans	$ 118,576	$ 234,275
Notes and accounts payables	184,391	232,441
Other accounts payables	48,259	4,175
Other payables	146,389	124,878
Guarantee deposits	853	558
Long-term loans (including current portion)	497,229	548,526

B. Financial risk management objectives

The Group manages its exposure to risks relating to the operations through market risk, credit risk, and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by management in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Group must comply with certain treasury procedures that provide guiding principles for overall financial risk management.

C. Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates.

(a) Risks of foreign currency exchange rates

The Group's operating activities and investment in foreign are mainly denominated in foreign currencies and exposed to foreign currency risk.

The Group used foreign exchange forward contracts to eliminate currency exposure. These foreign exchange forward contracts could reduce the influence of the exchange rate fluctuations on the Group's income.

The Group had not used derivatives financial instruments for the years ended December 31, 2022 and 2021.

The Group had not hedge certain foreign exchange risks that the Group is exposed to throughout its operating.

The Group's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 10% strengthening/weakening of the functional currency against U.S. dollars, the Company's net income before tax for January 1 to December 31, 2021 and 2022 would have decreased/increased by $15,457 thousand and $6,722 thousand, respectively. Assuming a 10% strengthening/weakening of the functional currency against Japanese Yen, the Company's net income before tax for January 1 to December 31, 2021 and 2022 would have decreased/increased by $5 thousand and $111 thousand, respectively.

The information of financial assets and liabilities with major impact were as follows:

Unit: currency in thousand

	December 31, 2022		December 31, 2021	
Items	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
Financial assets				
Monetary items				
USD	$ 7,883	30.65	$ 7,605	27.62
JPY	277	0.2297	158	0.2377
Financial liabilities				
Monetary items				
USD	1,579	30.65	4,563	27.62
JPY	—	0.2297	5,992	0.2377

The Company recognized gains on foreign exchange (including realized and unrealized) of $17,505thousand and $393 thousand for the years ended December 31, 2022 and 2021, respectively.

(b) Interest rate risk

The Group holds assets and liabilities at fixed and floating interest rates which may encounter the risks of future cash flow and from the changes of market rates. The Group is exposed to interest rate risk from floating rates.

The sensitivity analysis of interest is performed based on the financial liabilities exposed to cash flow interest rate risk at the end of each reporting period. If interest rates had been 1% higher/lower, the Company's pre-tax loss for the nine months ended December 31, 2022 and 2021 would have decreased/increased by $4,525 thousand and $5,575 thousand, respectively.

The information of carrying amount of the fixed and floating interest rate as of the balance sheet date were as follows:

Items	December 31, 2022	December 31, 2021
Fixed rates		
Financial liabilities	$ 50,185	$ 85,877
Floating rate borrowing		
Financial assets	126,865	97,782
Financial liabilities	565,620	696,924

D. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk mainly arises from trade receivables - operating, bank deposits, and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

Business related credit risk

In order to maintain the credit quality of trade receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables.

Credit evaluation is performed in the consideration of the relevant factors, such as financial condition, external and internal credit scoring, historical experience, and economic conditions, which may affect the customer's paying ability.

As of December 31, 2022 and December 31, 2021, the Group's ten largest customers accounted for 51% and 42% of its total trade receivables (including receivables from related parties), respectively. The Group believed that the concentration of credit risk is relatively insignificant for the remaining trade receivables.

Financial credit risk

The Group's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Corporate Treasury function. The Group only deals with creditworthy counterparties and banks so that no significant credit risk was identified.

E. Liquidity risk

The objective of liquidity risk management is to ensure the Group has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused of financing facilities associated with existing operations.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual, undiscounted payments, including principal and estimated interest of interest bearing.

December 31, 2022	On Demand or Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Noninterest bearing	$ 379,049	$ -	$ 395	$ 448	$ -	$379,892
Lease liabilities	6,843	4,995	13,060	1,073	-	25,971
Instruments using floating interests rate	104,130	35,738	204,727	52,711	168,314	565,620
Instruments using fixed interests rate	50,185	-	-	-	-	50,185

December 31, 2021	On Demand or Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Noninterest bearing	$361,494	$ -	$ 110	$ 448	$ -	$362,052
Lease liabilities	6,085	5,014	14,731	5,010	-	30,840
Instruments using floating interests rate	207,368	58,970	156,309	79,732	194,545	696,924
Instruments using fixed interests rate	85,877	-	-	-	-	85,877

As of December 31, 2022 and 2021, the unused financing facilities of the merger company amounted to $590,452 thousand and $612,238 thousand, respectively.

F. Fair value of financial instrument

(a) Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of non-financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or the fair values cannot be reliably measured.

(b) Valuation techniques and assumptions used fair value measurement

Financial assets at fair value through profit or loss and financial assets at fair value through OCI is categorized under level 1 fair value.

The listed stocks, beneficiary certificates and global depositary receipts held by the Group are measured at fair value according to standard provision and conditions; the fair value is measured using the quoted price in an active market.

Financial instruments without an active market held by the Group are measured at fair value according to the market approach; the fair value is assessed by using the price-equity ratio and price-earnings ratio of the competitors.

(c) Fair value measurements recognized in the consolidated balance sheet

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Fair value on a recurring basis				
Financial assets at fair value through profit or loss				
Stock	$ -	$ -	$ 39,169	$ 39,169

December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets at fair value through OCI				
Stock	$ -	$ -	$ -	$ -

December 31, 2021	Level 1	Level 2	Level 4	Total
Assets				
Fair value on a recurring basis				
Financial assets at fair value through profit or loss				
Stock	$ -	$ -	$ 49,869	$ 49,869
Financial assets at fair value through OCI				
Stock	$ -	$ -	$ -	$ -

There was no transfer of measurements of fair value in the Group for the years ended in 2022 and 2021.

(26) Earnings per share

	2022	2021
Basic earnings per share		
Net income available to common shareholders	$ 263,739	$ 68,652
Weighted average number of common shares outstanding used in the computation of basic EPS (in thousand)	82,361	82,361
Basic earnings per share (dollar)	$ 3.20	$ 0.83
Diluted earnings per share		
Net income available to common shareholders	$ 263,739	$ 68,652
(Continued)		
Weighted average number of common shares outstanding used in the computation of basic EPS (in thousand)	82,361	82,361
Effects of all dilutive potential common shares (in thousand)		
Employees compensation	1,039	292
Weighted average number of common shares used in the computation of diluted EPS (in thousand)	83,400	82,653
Diluted EPS (in dollars)	$ 3.16	$ 0.83

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

(27) Non-cash transaction

Investing and financing activities which were not listed in the statement of cash flows for the years ended in 2022 and 2021 were as follows:

A. Financing activities that will not have effect on cash flows

	December 31, 2022	December 31, 2021
Current portion of long-term loans payable	$ 71,476	$ 117,940

B. Investing activities of property, plant and equipment

	2022	2021
Additions of property, plant and equipment	$ (158,393)	$ (62,665)
Changes in other notes payables	44,084	(3,522)
Changes in other accounts payables	(4,891)	3,802
Capitalized interests	1,634	84
Payments for acquisition of property, plant and equipment	$ (117,566)	$ (62,301)

C. Investing activities of intangible assets

	2022	2021
Additions of intangible assets	$ (3,902)	$ (715)
Prepayments for equipment	3,074	-
Payments for acquisition of intangible assets	$ (828)	$ (715)

7. Related-party transactions

Intercompany balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of significant transactions between the Group and other related parties:

(1) Related party name and categories

Related Party Name	**Related Party Categories**
Wada Technology Co., Ltd	Others
Chia Cherng Industry Co., Ltd	Others
Panel Trading Co., Ltd.	Others
Hor Jing Corp.	Others
VESSI Footwear LTD.	Others
Win Tech Worldwide Co. LTD.	Others
Wang, Hong-Rong	Others
Wu, Li Hsueh	Others
Chen Wu, Li Show	Others

(2) Operating revenue

Accounts	Category	2022	2021
Operating revenue	Other related party	$ 108,814	$ 175,035

The sales price to related parties was determined based on normal market terms. The collection terms for related parties were 30 to 120 days after monthly closing.

(3) Purchases

	2022	2021
Others	$ 2,263	$ —

The purchase prices to related parties was determined based on normal market terms. The payment terms for related parties were 30 days after monthly closing.

(4) Accounts receivable-related parties

Accounts	Category	December 31, 2022	December 31, 2021
Notes receivables	Others	$ 37	$ 741
Accounts receivables	Others	$ 13,634	$ 28,120
Other accounts receivables	Others	$ 130	$ 82

The Group had no insurance for those outstanding accounts receivables from related parties.

(5) Lease agreements

Accounts	Category	December 31, 2022	December 31, 2021
Lease liability	Others	$ −	$ 1,094

Accounts	Category	2022	2021
Interest expense	Others	$ 8	$ 26

(6) Other

A. Guarantee deposits (recognized as other noncurrent assets)

	December 31, 2022	December 31, 2021
Others	$ 220	$ 220

(7) Directors, supervisors, and the management's remuneration

Directors, supervisors, and the management's remuneration were as follows:

	2022	2021
Short-term benefits	$ 35,741	$ 26,881
Post-employment benefits	630	587
	$ 36,371	$ 27,468

The compensation to directors and other key management personnel were determined by the compensation committee of the Group in accordance with the individual performance and market trends.

8. Assets Pledged as Collateral

Assets	Purposes	December 31, 2022	December 31, 2021
Land	Long-term and short-term loans	$ 642,154	$ 642,154
Buildings	Long-term and short-term loans	224,153	231,756
Machinery equipment	Long-term loans	4,007	5,348
Noncurrent assets held for sale (Land and property)	Long-term and short-term loans		268,562
Financial assets at amortized cost －current	Custom duty deposits	1,200	1,200
		$ 871,514	$ 1,149,020

9. Significant Contingencies and Unrecognized Contract Commitments

(1) For the purpose of purchasing materials, the amount of the L/C of the Group had issued but not yet used were $703 thousand and $69,528 thousand for the years ended in 2022 and 2021.

(2) The Group had signed contracts regarding to the purchase of equipment which were not recognized in were $109,492 thousand and $31,793 thousand for the years ended in 2022 and 2021.

(3) As of December 31, 2022 and 2021, the Group had signed an unfinished construction amounted to $ 24,039 thousand and $109,921 thousand.

10. Significant Disasters Loss: None

11. Significant Subsequent Events

(1) GRAND AND GREAT CORPORATION LIMITED increased its capital by cash of $10.5 million by approval of the shareholders' meeting on August 19, 2022 and the effective base date was January 4, 2023. Due to non-proportional investment in an investee's capital increase, the percentage of ownership decreased from 4.44% to 3.33%.

(2) The Group's subsidiary, Shoetex corporation increased its capital by cash by approval of board of directors on March 13, 2023 and the effective base date was March 21, 2023. On March 17, 2023, the Company's board of directors resolved to exercise its subscription rights in accordance with its shareholding percentage for the capital increase of its subsidiary, Shining Shoe Technology Co., Ltd. If there is any shortfall in the subscription of the capital increase by the subsidiary, the Company may subscribe to the remaining shares.

12. Others: None.

13. Other Disclosures

(1) Information on significant transactions and (2) investees

A. Loans to other parties: None

B. Guarantees and endorsements for other parties: None

C. Securities held as of December 31, 2022 (excluding investment in subsidiaries): Please refer to Table 1.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

F. Disposal of real property with transaction amount reaches 20% or more of capital surplus, or NT$ 300 million, please refer to Table 2

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

I. Trading in derivative instruments: None.

J. Business relationships and significant intercompany transactions: Please refer to Table 3.

K. Information of investees: Please refer to Table 4.

(3) Information on investment in Mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 5.

B. Any of the following significant transactions with investee companies in the mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

(a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None

(b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None

(c) The amount of property transactions and the amount of the resultant gains or losses: None.

(d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

(e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

(f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

(4) Major shareholders: The information on major shareholders who hold 5 percent, please refer to Table 6.

14. Segment information

(1) Operation

The Group has four segments, including coating and lamination, polymer, TPU and sports. The segment of coating and lamination were mainly for manufacturing; the segment of TPU were mainly for manufacturing of PU resin for shoes, coating and lamination, hardener, and Thermoplastic Polyurethane (TPU) and sales of photo initiators and the main business for production line of finished shoes were mainly from sales of sports shoes and manufacturing.

The Group’s unallocated expenses or nonrecurring expenses should allocate to the segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4. The profit or loss for the operating department was measured by operating income or loss before tax and it is the base to evaluate the performance.

(2) Segment information

The Group's operating segment information and reconciliations were as follows:

2022	Coatings	Polymer	TPU	Finished goods of shoes	Others	Reconciliation and elimination	Total
External revenue	$1,137,143	$ 703,436	$ 227,342	$ 118,720	$ -	$ -	$2,186,641
Inter-segment revenue	$ 6,481	$ 441,582	$ 77,609	$ -	$ -	$(525,672)	$ -
Reportable segment operating income (loss)	$ 44,088	$ 65,607	$ (21,599)	$ (15,306)	$189,685	$ 9,699	$ 272,174

2021	Coatings	Polymer	TPU	Finished goods of shoes	Others	Reconciliation and elimination	Total
External revenue	$1,089,278	$ 578,160	$ 170,323	$ 175,728	$ -	$ -	$2,013,489
Inter-segment revenue	$ 5,153	$ 428,315	$ 45,414	$ -	$ -	$(478,882)	$ -
Reportable segment operating income (loss)	$ 69,621	$ 49,857	$ (23,766)	$ 1,818	$ 6,059	$ (12,583)	$ 91,006

(3) Information by product and service.

The Group has operating activities only in Taiwan.

(4) Information on major customers

Information of single customers whose revenue comprised up to 10% of the Group's total revenue:

	2022	2021
Customer B	$ 258,704	Note

Note: No disclosure of the sales amount with the customer which was less than 10% of the Group's revenue

Table 1

Shuang Bang Industrial Corporation and Subsidiaries
Securities held as of December 31, 2022 (excluding investment in subsidiaries)
December 31, 2022

Name of holder	Category and name of security (note 1)	Relationship with company	Account title	Ending balance (note 2)				Note
				Shares	Carrying amount	Percentage of ownership (%)	Fair value	
Shuang Bang Industrial Corporation	Stock-Nangang Cooperatives for common labors	—	Financial assets at fair value through profit or loss－non-current	200 shares	20	0.42	20	(Note 3)
Shuang Bang Industrial Corporation	Stock-LOYAL SPLENDOR INT'L LTD.(Seychelles)	—	Financial assets at fair value through profit or loss－non-current	540	14,306	18.00	14,306	(Note 3)
Shuang Bang Industrial Corporation	Stock-GRAND AND GREAT CORPORATION LIMITED(Samoa)	—	Financial assets at fair value through profit or loss－non-current	1,400	24,843	4.44	24,843	(Note 3)

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 "Financial instruments. "
Note 2: Refer to the note 6(6) and note 6(7) in consolidated financial statements.
Note 3: The number of shares of securities and were not pledged as security or pledged for loans and their restrictions on use under some agreements.

Table 2

Shuang Bang Industrial Corporation
Disposal of real property with the transaction amount reaches 20 percent or more of paid-in capital, or NT$300 million
For the year ended December 31, 2022
(Amounts in Thousand of New Taiwan Dollars, Unless Specified Otherwise)

Seller Company	Property name	Effective date (note 1)	Originally acquisition date	Book Value	Transaction value (note 2)	Received or not	Gains or loss on disposals	Trading partner	Relation	Purposes	Price references	Others
The Group	Land, buildings and additional equipment	2022/03/03	2002/12/26	271,316	461,001	Received	189,685	Shuter Enterprise Co., LTD	None	Long-term strategies	Refer to professional appraisal reports	Sale-leaseback (note 3)

Note 1: The date that finished transferring.

Note 2: Transaction value is equal to the contractual price of land, buildings and equipment amounting to $464,728 thousand less related expenses of $2,337 thousand and VAT tax of $1,390 thousand.

Note 3: For the purpose of moving equipment, the Group leased the property from Shuter Enterprise Co., LTD. The rental fees were calculated by the actual usage days.

Table 3

Shuang Bang Industrial Corporation and Subsidiaries
Business relationship and significant intercompany transactions
For year ended December 31, 2022
(Amounts in Thousand of New Taiwan Dollars, Unless Specified Otherwise)

Number (Note1)	Name of Company	Name of counterparty	Nature of relationship (Note2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note3)
0	Shuang Bang Industrial Corporation	Miracle textile industry Co., LTD.	1	Sales revenue	54,442	-	2.49
				Notes receivables－related party	7,629	Net 120 days	0.31
				Accounts receivables－related party	2,356	Net 120 days	0.10
				Other income	173	-	0.01
0	Shuang Bang Industrial Corporation	Shoetex Corporation	1	Sales revenue	3,630	-	0.17
				Accounts receivables－related party	419	Net 105 days	0.02
				Lease receivables－related party	1,280	-	0.05
				Other accounts payables－related party	1,266	-	0.05
				Other accounts payables－related party	53	-	-
				Direct labor	120	-	0.01
				Selling-entertainment expense	1	-	-
				Administrative-entertainment expense	10	-	-
				Rental income	600	-	0.03
				Other income	461	-	0.02

Note1: Numbers are filled in as follows:

1.0 represents the parent company.

2. Subsidiaries are numbered from 1.

Note 2: Nature of relationship:1. From parent to subsidiary. ；2. From subsidiary to parent. 3. Between subsidiaries. Related party transactions are not separately disclosed.

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

Shuang Bang Industrial Corporation and Subsidiaries
Information on investee
For year ended December 31, 2022
(Amounts in Thousand of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main business	Original investment amount		Balance as of December 31, 2022			Net income (loss) of the investees (note 2)	Share of Profits/Losses of Investee (Note 2)	Note
				December 31, 2022	December 31, 2021	Shares (in thousand)	Percentage of ownership %	Carrying value			
Shuang Bang Corporation	SHUANG BANG INDUSTRIAL CORP.(BVI)(Note 1)	BVI	Investment	-	62,488	-	-	-	-	-	-
Shuang Bang Corporation	Miracle textile industry Co., LTD.	Taiwan	Manufacturing of coatings	22,517	22,517	2,225	44.50	21,124	(4,142)	(1,843)	Subsidiary
Shuang Bang Corporation	Shoetex Corporation	Taiwan	Manufacturing of finished shoes	54,600	54,600	5,460	62.47	31,796	(12,515)	(7,818)	Subsidiary

Note1: The Group has short form merger with the subsidiary, Shuang Bang Industrial Corp. (BVI) and set November 30, 2022 as effective base date.

Note2: Recognized based on the financial statements audited by certified public accountants.

Table 5

Shuang Bang Industrial Corporation and Subsidiaries
Information of investment in Mainland China
For year ended December 31, 2022
(Amounts in Thousand of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 3)	Investment flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of Balance as of December 31, 2022(Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
-	-	-	-	-	-	-	-	-	-	-	-	-

Accumulated Investment in Mainland China as of S December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 1)
24,849	24,849	795,550

Note1: The net value of the stocks on the balance sheet date by 1,325,917 thousand * 0.6 = 795,550 thousand dollars.

Note2: The above amounts were translated into New Taiwan dollars at the prevailing exchange rate as of December 31, 2022, except for the original investment.

Note3: The Group did not have any investments in Mainland China currently.

Table 6

Shuang Bang Industrial Corporation
Information of major shareholders
December 31, 2022

Shareholders	Shares	
	Total shares owned	Ownership percentage
Chang, Chung-Tung	6,479,434	7.86%
Chen, A-Ming	4,998,802	6.06%

Note1：The main shareholder information in this table was calculated by the insurance company Taiwan Depository & Clearing Corporation (TDCC) on the last business day at the end of each quarter, the total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the Group without physical registration has reached more than 5%. As for the share capital recorded in the Group's financial report and the number of shares actually delivered by the Group without physical registration, there may be differences due to the different calculation basis.