PONTEX POLYBLEND CO.,LTD

PARENT COMPANY ONLY FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS

FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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Independent Auditors' Report Translated from Chinese

To PONTEX POLYBLEND CO.,LTD

Opinion

We have audited the accompanying parent company only balance sheets of PONTEX POLYBLEND CO.,LTD (the "Company") as of 31 December 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2022 and 2021, and notes to the parent company only financial statements, including the summary of significant accounting policies.

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of 31 December 2022 and 2021, and their parent company only financial performance and cash flows for the years ended 31 December 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China; Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company 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 for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 the parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of accounts receivable

As of 31 December 2022, gross accounts receivable and loss allowance by the Company amounted to NT$189,627 thousand and NT$611 thousand, respectively. Net accounts receivable accounted for 10% of total assets. Since the loss allowance of account receivables is measured by the expected credit loss for the duration of the account receivables, it is necessary to divide account receivables into groups in the process of measurement and analyze the application of related assumptions, including appropriate aging intervals and their respective loss rate. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net account receivable, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control over accounts receivable; assessing the reasonableness of allowance for loss policy, including understanding related information to evaluate expected credit loss ratio according to historical experience, current market and future economic outlook expected; investigating accounts receivable details, recalculating the reasonableness of allowance for loss based on the expected credit companies, and the expected loss rate by management assessing; evaluating individually the reasonableness of the impairment of accounts receivable long overdue and its collection in subsequent period.

We also assessed the adequacy of disclosures of financial assets. Please refer to Notes 5 and 6 to the parent company only financial statements.

Inventory valuation

As of 31 December 2022, the Company’s net inventories amounted to NT$196,696 thousand accounting for 11% of the total assets. Due to the highly competitive nature of the market for polyblend materials, the wide range of product applications, the fact that the prices of raw materials, finished goods and products are subject to anticipated future market and economic conditions, and the uncertainty arising from rapid changes in product technology, the allowance for impairment of inventories involves significant management judgement. We therefore determined the inventory valuation a key audit matter.

Our audit procedures included, but were not limited to, understanding and testing the adequacy of accounting policy around obsolete and slow-moving inventories, evaluating stocktaking plan and selecting important storage locations to observe inventory counts to ensure inventory quantities and status; obtaining inventory aging schedule to test whether inbound and outbound records are accurate; re-calculating the unit cost of inventories; and evaluating and testing net realizable value adopted by management.

We also assessed the adequacy of disclosures of financial assets. Please refer to Notes 5 and 6 to the parent company only financial statements.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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

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

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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Huang, Tzu Ping

Yen, Wen Pi

Ernst & Young, Taiwan

March 9, 2023

Notice to Readers

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

Accordingly, the accompanying parent company only financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Pontex Polyblend Co., Ltd.

PARENT COMPANY ONLY BALANCE SHEETS

31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets			31 December 2022		31 December 2021	
Code	Item	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4,6(1)	$103,901	6	$86,896	5
1150	Notes receivable, net	4,6(2)	13,748	1	23,650	1
1170	Accounts receivable, net	4,5,6(3)	181,851	10	204,752	11
1180	Accounts receivable, net - related parties	4,5,6(3),7	7,165	-	16,633	1
130x	Inventories	4,6(4)	196,696	11	181,928	10
1410	Prepayments		9,275	1	10,740	1
1476	Other current financial assets	6(1),8	24,174	1	23,713	1
1479	Other current assets	4,7	1,322	-	1,721	-
11xx	**Total current assets**		538,132	30	550,033	30
	Non-current assets					
1550	Investments accounted for under the equity method	4,6(5)	754,665	42	733,858	40
1600	Property, plant and equipment	4,6(6),8	479,020	27	497,750	28
1780	Intangible assets	4	189	-	121	-
1840	Deferred tax assets	4,6(18)	15,946	1	15,432	1
1900	Other non-current assets	4,6(7)	3,760	-	10,079	1
1975	Net defined benefit non-current assets	4,6(10)	3,061	-	1,635	-
15xx	**Total non-current assets**		1,256,641	70	1,258,875	70
1xxx	**Total assets**		$1,794,773	100	$1,808,908	100

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Chairman：HENRY GLOBAL INVEST MENT CO., LTD. Representative: SHEN, MAO-KEN

Manager: SHEN, MAO-KEN

Accounting Officer：CHUNG, HSIU-CHU

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Pontex Polyblend Co., Ltd.

PARENT COMPANY ONLY BALANCE SHEETS

31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			31 December 2022		31 December 2021	
Code	Item	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	4,6(8)	$407,044	23	$432,523	24
2150	Notes payable		28,876	2	24,517	1
2170	Accounts payable		21,791	1	54,089	3
2180	Accounts receivable, net - related parties	7	131,178	7	96,038	6
2200	Other payables		22,685	1	22,308	1
2320	Current portion of long-term loans	6(9)	72,500	4	73,743	4
2399	Other current liabilities	4,6(12)	1,473	-	2,146	-
21xx	**Total current liabilities**		685,547	38	705,364	39
	Non-current liabilities					
2540	Long-term loans	6(9)	258,750	14	307,250	17
2570	Deferred tax liabilities	4,6(18)	12,599	1	12,259	1
2611	Long-term notes payable		-	-	354	-
2645	Guarantee deposits		8	-	8	-
25xx	**Total non-current liabilities**		271,357	15	319,871	18
2xxx	**Total liabilities**		956,904	53	1,025,235	57
3100	**Capital**					
3110	Common stock	6(11)	843,000	47	843,000	47
3300	**Retained earnings**	6(11)				
3310	Legal reserve		619	-	-	-
3320	Special reserve		5,569	-	-	-
3350	Retained earnings		28,246	2	6,188	-
3400	**Other components of equity**					
3410	Exchange differences on translation of foreign operations		(39,565)	(2)	(65,515)	(4)
3xxx	**Total equity**		837,869	47	783,673	43
	Total liabilities and equity		$1,794,773	100	$1,808,908	100

(The accompanying notes are an integral part of the parent company only financial statements)

Chairman：HENRY GLOBAL INVEST MENT CO., LTD. Manager: SHEN, MAO-KEN Accounting Officer：CHUNG, HSIU-CHU

Representative: SHEN, MAO-KEN

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Pontex Polyblend Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Item	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	**Operating revenues**	4,6(12),7	$788,908	100	$1,079,643	100
5000	**Operating costs**	6(4),6(15)	(711,139)	(90)	(940,394)	(87)
5900	**Gross profit**		77,769	10	139,249	13
5910	Unrealized profit or loss on sales		177	-	364	-
5920	Realized profit or loss on sales		(364)	-	(539)	-
5950	Gross profit-net		77,582	10	139,074	13
6000	**Operating expenses**	6(15)				
6100	Sales and marketing expenses		(30,512)	(4)	(38,468)	(4)
6200	General and administrative expenses		(48,233)	(6)	(44,402)	(4)
6300	Research and development expenses		(17,235)	(2)	(20,551)	(2)
6450	Expected credit loss	4,6(13)	(2,232)	-	(12,096)	(1)
	Subtotal		(98,212)	(12)	(115,517)	(11)
6900	**Operating (loss) income**		(20,630)	(2)	23,557	2
7000	**Non-operating income and expenses**					
7100	Interest income		320	-	77	-
7010	Other income	4,6(16)	9,129	1	9,862	1
7020	Other gains and losses	6(16)	1,827	-	(6,784)	(1)
7050	Finance costs	6(16)	(18,610)	(2)	(17,576)	(1)
7060	Share of profit of subsidiaries,associates and joint ventures	4,6(6)	54,924	7	33,785	3
	Subtotal		47,590	6	19,364	2
7900	**Net income before tax**		26,960	4	42,921	4
7950	Income tax benefit	4,6(18)	396	-	543	-
8200	**Net income**		27,356	4	43,464	4
8300	**Other comprehensive income (loss)**	4, 6(10),6(17)				
8310	**Items that will not be reclassified subsequently to profit or loss**					
8311	Remeasurements of defined benefit plans		1,112	-	(385)	-
8349	Income tax related to items that will not be reclassified subsequently		(222)	-	77	-
8360	**Items that may be reclassified subsequently to profit or loss**					
8361	Exchange differences on translation of foreign operations		25,950	3	(27,388)	(3)
8399	Income tax related to items that may be reclassified subsequently		-	-	(3,942)	-
	Total other comprehensive income, net of tax		26,840	3	(31,638)	(3)
8500	**Total comprehensive income**		$54,196	7	$11,826	1
	Earnings per share (NTD)	4,6(19)				
9750	Earnings per share-basic		$0.32		$0.52	
9850	Earnings per share-diluted		$0.32		$0.52	

(The accompanying notes are an integral part of the parent company only financial statements)

Chairman：HENRY GLOBAL INVEST MENT CO., LTD. Manager: SHEN, MAO-KEN Accounting Officer: CHUNG, HSIU-CHU

Representative: SHEN, MAO-KEN

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
Pontex Polyblend Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Item	Notes	Capital	Legal Reserve	Special reserve	Retained earnings (accumulated deficit)	Other components of equity Exchange Differences on Translation of Foreign	Total Equity
Balance as of 1 January 2021		$843,000	$ -	$ -	$(36,968)	$(34,185)	$771,847
Net income for the year ended 31 December 2021			-	-	43,464		43,464
Other comprehensive loss, net of tax for the year ended 31 December 2021	6(17)		-	-	(308)	(31,330)	(31,638)
Total comprehensive income		-	-	-	43,156	(31,330)	11,826
Balance as of 31 December 2021		$843,000	$ -	$ -	$6,188	$(65,515)	$783,673
Balance as of 1 January 2022		$843,000	$ -	$ -	$6,188	$(65,515)	$783,673
Appropriation and distribution of 2021 retained earnings							
Legal reserve			619		(619)		-
Special reserve				5,569	(5,569)		-
Net income for the year ended 31 December 2022					27,356		27,356
Other comprehensive income, net of tax for the year ended 31 December 2022	6(17)				890	25,950	26,840
Total comprehensive income		-	-	-	28,246	25,950	54,196
Balance as of 31 December 2022		$843,000	$619	$5,569	$28,246	$(39,565)	$837,869

(The accompanying notes are an integral part of the parent company only financial statements)

Chairman：HENRY GLOBAL INVEST MENT CO., LTD.
Representative: SHEN, MAO-KEN
Manager: SHEN, MAO-KEN
Accounting Officer: CHUNG, HSIU-CHU

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Pontex Polyblend Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended 31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Notes	For the years ended 31 December 2022	For the years ended 31 December 2021
Cash flows from operating activities:			
Net income before tax		$26,960	$42,921
Adjustments to reconcile net income before tax to net cash provided by (used in) operating activities:			
Depreciation		24,318	25,230
Amortization		91	69
Expected credit loss		2,232	12,096
Finance costs		18,610	17,576
Interest income		(320)	(77)
Share of profit of subsidiaries,associates and joint ventures		(54,924)	(33,785)
(Gain) loss on disposal of property, plant and equipment		174	(10)
Reversal of impairment loss on non-financial assets		(174)	-
Unrealized profit or loss on sales		(177)	(364)
Realized profit or loss on sales		364	539
Other		-	2,261
Changes in operating assets and liabilities:			
Decrease (increase) in notes receivable		9,902	(4,935)
Decrease in accounts receivable		25,192	61,515
Decrease (increase) in receivables - related parties		9,468	(15,512)
Increase in inventories, net		(14,768)	(29,308)
Decrease (increase) in prepayments		1,465	(8,683)
Increase in other current financial assets		(461)	(1,085)
Decrease (increase) in other current assets		399	(474)
Increase in notes payable		4,005	7,787
Decrease in accounts payable		(32,298)	(41,325)
Increase in payables - related parties		35,140	37,655
Increase in other payables		2,537	4,527
Decrease in other current liabilities		(673)	(5,041)
Decrease in net defined benefit non-current assets		(314)	(321)
Cash generated from operations		56,748	71,256
Interest received		320	77
Interest paid		(18,518)	(17,558)
Net cash provided by operating activities		38,550	53,775

Item	Notes	For the years ended 31 December 2022	For the years ended 31 December 2021
Cash flows from investing activities:			
Acquisition of property, plant and equipment		$(6,464)	$(10,637)
Proceeds from disposal of property, plant and equipment		-	199
Acquisition of intangible assets		(159)	(66)
Decrease (Increase) in other non-current assets		420	(185)
Dividends received		59,880	-
Net cash provided by (used in) investing activities		53,677	(10,689)
Cash flows from financing activities:			
Increase in short-term loans		922,666	1,065,535
Decrease in short-term loans		(948,145)	(1,003,448)
Increase in long-term loans		24,000	-
Cash payment for long-term loans		(73,743)	(68,142)
Increase in long-term notes and accounts payable		-	354
Net cash used in financing activities		(75,222)	(5,701)
Net increase in cash and cash equivalents		17,005	37,385
Cash and cash equivalents at beginning of period		86,896	49,511
Cash and cash equivalents at end of period	6(1)	103,901	86,896

(The accompanying notes are an integral part of the parent company only financial statements)

Chairman: HENRY GLOBAL INVEST MENT CO., LTD. Representative: SHEN, MAO-KEN　　Manager: SHEN, MAO-KEN　　Accounting Officer: CHUNG, HSIU-CHU

PONTEX POLYBLEND CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

Pontex Polyblend Co., Ltd. (hereinafter "the Company") was incorporated in December 1982. It is primarily in the business of compounding, processing, injection, moulding and trading of resins, plastic and rubber materials, shoe sole materials, etc., as well as in the operation and investment of the relevant businesses.

In July 1999, in response to the need for diversification of future fund raising channels and with the consent of the securities authorities, a retroactive handling of public issuance procedures was completed. In September 2001, an application was made to the Taipei Exchange for the listing of the shares on the Taipei Exchange and the listing was approved on 26 March 2002. Its registered office and primary place of business is located at No.23-6, Longxing Ln., Sec. 2, Fengxing Rd., Tanzi Dist., Taichung City 427, Taiwan.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company were authorized for issue in accordance with a resolution of the Board of Directors' meeting on 9 March 2023.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2022. Apart from the nature and impact of the new standard and amendment is described below, the remaining new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2023. The new or amended standards and interpretations have no material impact on the Company.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

(a) IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(e) Non-current Liabilities with Covenants – Amendments to IAS 1
The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Company.

4. Summary of significant accounting policies

(1) Statement of Compliance

The parent company only financial statements of the Company for the years ended 31 December 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of Preparation

The Company prepared the parent company only financial statements in accordance with the Regulations. According to the Article 21 of the Regulation, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Foreign Currency Transactions

The Company's parent company only financial statements are presented in its functional currency, New Taiwan Dollars (NT$). Items included in the financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company at the respective functional currency rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

(4) Translation of Foreign Currency Financial Statements

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, 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 the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and Non-current Distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Company holds the asset primarily for the purpose of trading
(c) The Company expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Company expects to settle the liability in its normal operating cycle
(b) The Company holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalent

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial Instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) the Company’s business model for managing the financial assets

(b) the contractual cash flow characteristics of the financial asset

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition

(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

i. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit loss on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit loss of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
(b) the time value of money
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

The loss allowance is measured as follows:

(a) At an amount equal to 12-month expected credit loss: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit loss in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(b) At an amount equal to the lifetime expected credit loss: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit loss.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired.
(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

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 as at fair value through profit or loss.

A financial liability is classified as held for trading if:

(a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or loss on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

<u>Financial liabilities at amortized cost</u>

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

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

Derecognition of financial liabilities

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

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost under weighted average cost method
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(10) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

(11) Investments accounted for under the equity method

According to Article 21 of the Regulation, the Company's investment in subsidiaries was presented as "Investments accounted for using equity method" and made necessary adjustments. The profit or loss during the period and other comprehensive income presented in the parent company only financial statements shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to shareholders of the parent presented in the financial statements prepared on a consolidated basis, and the shareholders' equity presented in the parent company only financial statements shall be the same as the equity attributable to shareholders of the parent presented in the financial statements prepared on a consolidated basis. The adjustment was considered the difference between investment in subsidiaries in consolidated financial statements according to IFRS 10 "Consolidated financial statements" and application of IFRS to different reporting entities, debit/credit "Investment accounted for using equity method", "Share of profit or loss of subsidiaries, associates and joint ventures" or "Share of other comprehensive profit or loss of subsidiaries, associates and joint ventures" etc.

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or

(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings	3～50 years
Machinery and equipment	3～10 years
Transportation equipment	6 years
Office equipment	2～10 years
Other equipment	3～20 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(13) Leases

The Company assesses whether the 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 assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(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 by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the 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.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

<u>Computer software</u>

The cost of computer software is amortized on a straight-line basis over the estimated useful life.

A summary of the policies applied to the Group's intangible assets is as follows:

	Computer software
Useful lives	5~6 years
Amortization method used	Amortized on a straight-line basis over the period of the patent
Internally generated or acquired	Acquired

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(17) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

Sale of goods

The Company manufactures and sells goods and recognizes revenue when the promised goods are delivered to the customer and the customer obtains control over them (i.e. The customer simultaneously receives and consumes the

economic benefits of the provided asset as the entity performs). The main goods are functional shoe outsoles, midsoles, trim components and other upper injection and rubber materials, and revenue is recognized on the basis of contracted prices.

The credit period of the Company's sale of goods is from 30 to 165 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred 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. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(20) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company. Therefore fund assets are not included in the Company’s individual financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(21) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

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

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred tax liabilities are recognized for all taxable temporary differences,

except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgments, estimates and assumptions

The preparation of the parent company only financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(1)Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2)Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Please refer to Note 6 for more details.

(3)Income tax

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(4)Accounts receivables–estimation of impairment loss

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(5)Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of 31 December	
	2022	2021
Cash on hand	$1,146	$1,146
Notes deposits	1,688	951
Demand deposits	101,067	84,799
Total	$103,901	$86,896

As of 31st December 2022 and 2021, demand deposits with restriction on use which amounted to $24,174 thousand and $23,713 thousand, respectively, were classified under other financial assets - current.

Refer to Note 8 for information on endorsement/guarantee of other financial assets - current.

(2) Notes receivables

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of 31 December	
Notes receivables arising from operating activities	$14,655	$24,557
Less: loss allowance	(907)	(907)
Total	$13,748	$23,650

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6.13 for more details on loss allowance and Note 12 for details on credit risk.

(3) Accounts receivables and accounts receivable - related parties

	As of 31 December	
Accounts receivables	$182,462	$208,404
Less: loss allowance	(611)	(3,652)
subtotal	181,851	204,752
Accounts receivable – related parties	7,165	16,633
Total	$189,016	$221,385

Accounts receivables were not pledged.

Accounts receivables are generally on 30-165 day terms. The total carrying)amount for the years ended 31 December 2022 and 2021 were NT$189,627 thousand and NT$225,037 thousand, respectively. Please refer to Note 6(13) for more details on loss allowance and Note 12 for details on credit risk management.

100% credit loss provision is reserved for account receivables which are deemed with least possibility to be collected. Please refer to Note 6(7) for more details.

(4) Inventories

	As of 31 December	
	2022	2021
Raw materials	154,152	$128,049
Work in progress	3,807	6,275
Finished goods	31,954	41,869
Merchandise	77	278
Outsourced inventory	6,706	4,758
Inventory in transit	-	699
Total	$196,696	$181,928

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The cost of inventories recognized as cost of sales for the years ended 31 December 2022 and 2021 amounted were NT$711,139 thousand and NT$940,394 thousand respectively. The price (gain from price recovery) reduction of inventories related to cost of goods sold were NT$361 thousand and NT$858 thousand.

Inventories were not pledged.

(5) Investments accounted for using the equity method

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

	As of 31 December			
	2022		2021	
Investees	Amount	%	Amount	%
Multitex Polyblend CO.,LTD.	$462,172	100%	$419,885	100%
Polytech Global Ltd.	292,493	100%	313,973	100%
Total	$754,665		$733,858	

The share of profit or loss of subsidiaries recognized using the equity method and the share of other comprehensive income for the years 2022 and 2021 are as follows:

	For the years ended 31 December			
	2022		2021	
	Share of profit or loss of subsidiaries, associates and joint ventures recognized under the equity method	Share of other comprehensive income of associates and joint ventures recognized under the equity method	Share of profit or loss of subsidiaries, associates and joint ventures recognized under the equity method	Share of other comprehensive income of associates and joint ventures recognized under the equity method
Multitex Polyblend CO.,LTD.	$36,202	$6,195	$6,278	$(77)
Polytech Global Limited	18,722	19,755	27,507	(29,572)
Total	$54,924	$25,950	$33,785	$(29,649)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company recognized NT$59,880 thousand and NT$0 thousand in cash dividends from investments accounted for using the equity method for the years ended 31 Dec. 2022 and 2021, respectively.

The investments were not pledged.

(6) Property, plant and equipment

	As of 31 December	
Owner occupied property, plant and equipment	$479,020	$497,750

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Total
Cost:							
As of 1 January 2022	$353,545	$394,265	$145,393	$7,937	$9,704	$144,909	$1,055,753
Additions	-	100	3,933	289	-	1,266	5,588
Disposals	-	(761)	(3,016)	(863)	-	-	(4,640)
As of 31 December 2022	$353,545	$393,604	$146,310	$7,363	$9,704	$146,175	$1,056,701
Depreciation and impairment:							
As of 1 January 2022	$ -	$(301,131)	$(109,010)	$(7,151)	$(7,310)	$(133,401)	$(558,003)
Depreciation and impairment	-	(7,832)	(10,246)	(347)	(957)	(4,762)	(24,144)
Disposals	-	587	3,016	863	-	-	4,466
As of 31 December 2022	$ -	$(308,376)	$(116,240)	$(6,635)	$(8,267)	$(138,163)	$(577,681)

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Total
Cost:							
As of 1 January 2021	$353,545	$394,265	$137,900	$7,650	$9,704	$143,554	$1,046,618
Additions	-	-	8,516	287	-	2,615	11,418
Disposals	-	-	(1,023)	-	-	(1,260)	(2,283)
As of 31 December 2021	$353,545	$394,265	$145,393	$7,937	$9,704	$144,909	$1,055,753

Depreciation and

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Total
impairment							
As of 1 January 2021	$ -	$(292,778)	$(99,359)	$(6,804)	$(6,353)	$(129,573)	$(534,867)
Depreciation and impairment	-	(8,353)	(10,674)	(347)	(957)	(4,899)	(25,230)
Disposals	-	-	1,023	-	-	1,071	2,094
As of 31 December 2021	$ -	$(301,131)	$(109,010)	$(7,151)	$(7,310)	$(133,401)	$(558,003)
Net carrying amount as at:							
31 December 2022	$353,545	$85,228	$30,070	$728	$1,437	$8,012	$479,020
31 December 2021	$353,545	$93,134	$36,383	$786	$2,394	$11,508	$497,750

There was no capitalization of interest arising from the purchase of property, plant and equipment by the Company in 2022 and 2021.

As of 31st December 2022 and 2021, $18,753 thousand of the cost of land was accounted for as costs related to the acquisition of farmland. Due to legal restrictions, the title is temporarily registered in the name of another party and a trust of land is signed, which will be changed to the name of the Company when the transfer to the Company is permitted by law in the future.

The movement in the Company's accumulated impairment is as follows:

	For the years ended 31 December	
Accumulated impairment at the beginning of the period	$(47,922)	$(47,922)
Impairment for the period	-	-
Reversal	174	-
Accumulated impairment at the end of the period	$(47,748)	$(47,922)

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(7) Other non-current assets

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of 31 December	
	2022	2021
Non-accrual loans	$296,485	$271,374
Long-term accounts receivables	-	24,362
Less: loss allowance	(293,735)	(288,463)
Prepayment for equipment	-	1,376
Refundable deposits	660	1,080
Other	350	350
Total	$3,760	$10,079

(8) Short-term loans

	As of 31 December	
	2022	2021
Secured bank loans	$407,044	$432,523

	For the years ended 31 December	
	2022	2021
Interest rates applied	2.04%~3.04%	1.95%~2.47%

The Company’s unused short-term lines of credits amounted to NT$185,106 thousand and NT$71,482 thousand as of 31 December 2022 and 2021, respectively.

Guaranteed bank loans are pledged against other financial assets and property, plant and equipment, as disclosed in Note 8.

(9) Long-term borrowings

Details of long-term loans as at 31 December 2022 and 31 December 2021 are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Lenders	As of 31 December 2022	Interest Rate (%)	Maturity date and terms of repayment
First Commercial Bank secured bank loans	$286,000	2.78%	From 30th December 2018 to 29th December 2025, installments will be made in monthly installments of $1,500 thousand each in the first year, $3,000 thousand each in the second year and $4,000 thousand each in the third year. With effect from 16th July 2020, the credit terms were changed for a grace period up to 27th June 2021. The principal is repayable in monthly installments of $4,000 thousand from 28th June 2021 to 28th June 2022 and $5,000 thousand from 28th June 2022, with the remaining principal of $111,000 thousand to be repaid in full on the maturity date.
The Shanghai Commercial Bank secured bank loans	21,250	3.25%	Interest is payable monthly in monthly instalments from 14th October 2020 to 14th October 2025, with the first year being a grace period of NT$625 thousand and the final instalment being repaid in full, with interest payable monthly.
The Shanghai Commercial Bank secured bank loans	4,000	2.75%	Interest is payable monthly in monthly instalments from 10th March 2023 to 10th February 2027, with the first year being a grace period of NT$83 thousand and the final instalment being repaid in full, with interest payable monthly.
The Shanghai Commercial Bank secured bank loans	9,000	2.75%	Interest is payable monthly in monthly instalments from 10th March 2023 to 10th February 2027, with the first year being a grace period of NT$83 thousand and the final instalment being repaid in full, with interest payable monthly.
The Shanghai Commercial Bank secured bank loans	11,000	2.75%	Interest is payable monthly in monthly instalments from 17th March 2023 to 17th February 2027, with the first year being a grace period of NT229 thousand and the final instalment being repaid in full, with interest payable monthly.
Subtotal	331,250		
Less: current portion	(72,500)		
Total	$258,750		

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Lenders	As of 31 December 2021	Interest Rate (%)	Maturity date and terms of repayment
First Commercial Bank secured bank loans	340,000	2.15%	From 30th December 2018 to 29th December 2025, installments will be made in monthly installments of $1,500 thousand each in the first year, $3,000 thousand each in the second year and $4,000 thousand each in the third year. With effect from 16th July 2020, the credit terms were changed for a grace period up to 27th June 2021. The principal is repayable in monthly installments of $4,000 thousand from June 28, 2021 to June 28, 2022 and $5,000 thousand from 28th June 2022, with the remaining principal of $111,000 thousand to be repaid in full on the maturity date.
First Commercial Bank secured bank loans	12,243	2.15%	Interest is payable monthly in one installment from 21st July 2017 to 25th August 2022, with the first one year being a grace period of NT$833 thousand per installment and the final installment being repaid in full, with interest payable monthly. With effect from 16th July 2020, the credit terms were changed for a grace period up to 15th July 2021. Repayment will be made in monthly instalments on a fixed principal basis, with interest and principal repayable in equal monthly instalments.
The Shanghai Commercial Bank secured bank loans	28,750	2.75%	Interest is payable monthly in monthly instalments from 14th October 2020 to 14th October 2025, with the first year being a grace period of NT$625 thousand and the final instalment being repaid in full, with interest payable monthly.
Subtotal	380,993		
Less: current portion	(73,743)		
Total	$307,250		

Certain land and buildings are pledged as first priority security for secured bank loans, please refer to Note 8 for more details.

(10) Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Pension expenses under the defined contribution plan for the years ended 31 December 2022 and 2021 were NT$2,369 thousand and NT$2,515 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee.   Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under discretionary accounts, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19.The Company expects to contribute NT$302 thousand to its defined benefit plan during the 12 months beginning after 31 December 2022.

The weighted average duration of the defined benefits obligation was 6 years as of 31 December 2022.
Pension costs recognized in profit or loss are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended 31 December	
	2022	2021
Current service costs	$ -	$ -
Net interest on the net defined benefit liabilities (assets)	(11)	(7)
Total	$(11)	$(7)

Reconciliations of liabilities of the defined benefit obligation and plan assets at fair value are as follows:

	As of		
	31 December 2022	31 December 2021	1 January 2021
Defined benefit obligation	$11,026	$12,669	$13,283
Plan assets at fair value	(14,087)	(14,304)	(14,982)
Net defined benefit liabilities, noncurrent	$(3,061)	$(1,635)	$(1,699)

Reconciliation of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of 1 January 2021	$13,283	$(14,982)	$(1,699)
Current period service costs	-	-	-
Interest expense (income)	55	(62)	(7)
Subtotal	13,338	(15,044)	(1,706)
Remeasurements of the defined benefit liabilities /assets:			
Actuarial gains and losses arising from changes in demographic assumptions	19	-	19
Actuarial gains and losses arising from changes in financial assumptions	(245)	-	(245)
Experience adjustments	819	(208)	611
Subtotal	593	(208)	385
Payments of benefit obligation	(1,262)	1,262	-
Contributions by employer	-	(314)	(314)
As of 31 December 2021	$12,669	$(14,304)	$(1,635)
Current period service costs	-	-	-
Interest expense (income)	85	(96)	(11)
Subtotal	12,754	(14,400)	(1,646)

Remeasurements of the defined benefit

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
liabilities /assets:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(398)	-	(398)
Experience adjustments	440	(1,154)	(714)
Subtotal	42	(1,154)	(1,112)
Payments of benefit obligation	(1,770)	1,770	-
Contributions by employer	-	(303)	(303)
As of 31 December 2022	$11,026	$(14,087)	$(3,061)

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	As of 31 December	
	2022	2021
Discount rate	1.20%	0.67%
Expected rate of salary increases	0.50%	0.50%

Sensitivity analysis for significant assumption are shown below:

	For the years ended 31 December			
	2022		2021	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.50%	$ -	$342	$ -	$439
Discount rate decrease by 0.50%	374	-	514	-
Future salary increase by 0.50%	375	-	511	-
Future salary decrease by 0.50%	-	279	-	357

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(11) Equity

A. Common stock

The Company's authorized capital was NT$3,500,000 thousand as at 1 January 2021, each at a par value of NT$10. Of 350,000,000 shares, 84,300,000 shares were issued, with paid-in capital of NT$843,000 thousand. Each share has one voting right and a right to receive dividends. There has been no change as at 31 December 2022.

B. Capital surplus

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Legal reserve

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

D. Special reserve

According to the existing regulations, when the Company distributing distributable earnings, it shall set aside an amount equal to "other net deductions from shareholders' equity for the current fiscal year to special reserve. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

Upon the adoption of IFRSs, the Company recognized a special reserve of the same amount as the unrealized revaluation gains and cumulative translation adjustments (gains) recorded in the accounts upon the first-time adoption of IFRSs, which was transferred to retained earnings upon the adoption of IFRS 1, "First-time Adoption of International Financial Reporting Standards", in accordance with the Financial-Supervisory-Securities-Corporate-1010012865 issued by the FSC on 6 April 2012.

E. Retained earnings and dividend policies

According to the Company's original Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues;
b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The Company's dividend policy shall take into account the profitability, capital structure and future operation and shall allocate no less than 10% of the distributable earnings to shareholders each year. Dividends per share calculated on the basis of distributable earnings of less than NT$0.50 may be withheld. Dividends to shareholders may be distributed in cash or in shares. Except that stock dividends shall be limited to not less than 10% of the total dividends.

The FSC on 31 March 2022 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the special reserve in the amount equal to the reversal may be released for earnings distribution. The Company recorded a negative balance of retained earnings (accumulated deficit) as at 1 January 2012. Therefore, this order has no impact on the Company.

Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on 9 March 2023 and 2 June 2022, respectively, are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended 31 December			
	Appropriation of earnings and distribution		Dividend per share	
	2022	2021	2022	2021
Legal reserve				
Provision for special	$2,825	$619		
reserve	-	5,569		
Stock dividends	25,290	-	$0.3	$ -

Please refer to Note 6(15) for further details on employees' compensation and remuneration to directors and supervisors.

(12) Operating revenue

	For the years ended 31 December	
	2022	2021
Revenue from contracts with customers		
Sale of goods	$788,908	$1,079,643

Analysis of revenue from contracts with customers for the years ended 31 December 2022 and 2021 are as follows:

A. Disaggregation of revenue

For the year ended 31 December 2022

	Equipment Business Department	Compound Materials Business Department	Total
Sale of goods	$186,271	$602,637	$788,908

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended 31 December 2021

	Equipment Business Department	Compound Materials Business Department	Total
Sale of goods	$158,735	$920,908	$1,079,643

The Company recognize revenue from contracts with customers at a point in time.

B. Contract balances

Contract liabilities - current (Classified as other current liabilities)

	As of		
	31 December 2022	31 December 2021	1 January 2021
Sales of goods	$1,346	$1,998	$6,959

For the years ended 31 December 2022, contract liabilities decreased as performance obligations are satisfied.

(13) Expected credit losses

	For the years ended 31 December	
	2022	2021
Operating expenses – Expected credit losses/(gains)		
Accounts receivables	$750	$2,440
Overdue receivables	-	2,221
Long-term accounts receivables	1,482	7,435
Total	$2,232	$12,096

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses, taking into account the credit rating of the counterparties and other factors, and an allowance matrix is used. The assessment of the Company's loss allowance as at 31 December 2021 and 2020 are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of 31 December 2022

Group 1

	Not yet due	Overdue 0-90 days	91-180 days	181-270 days	271-365 days	>=366 days	Total
Gross carrying amount	$203,375	$ -	$ -	$ -	$ -	$907	$204,282
Loss ratio	0.3%	-	-	-	-	100%	
Lifetime expected credit losses	(611)	-	-	-	-	(907)	(1,518)
Carrying amount	$202,764	$ -	$ -	$ -	$ -	$ -	$202,764

Group 2：None.

As of 31 December 2021

Group 1

	Not yet due	Overdue 0-90 days	91-180 days	181-270 days	271-365 days	>=366 days	Total
Gross carrying amount	$210,964	$26,750	$423	$ -	$ -	$907	$239,044
Loss ratio	- %	- %	- %	5%	5%	100%	
Lifetime expected credit losses	(611)	-	-	-	-	(907)	(1,518)
Carrying amount	$210,353	$26,750	$423	$ -	$ -	$ -	$237,526

Group 2

	Not yet due	Overdue 0-90 days	91-180 days	181-270 days	271-365 days	>=366 days	Total
Gross carrying amount	$ -	$ -	$ -	$ -	$ -	$34,913	$34,913
Lifetime expected credit losses	-	-	-	-	-	(20,130)	(20,130)
Carrying amount	$ -	$ -	$ -	$ -	$ -	$14,783	$14,783

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The movement in the provision for impairment of note receivables and trade receivables during the years ended 31 December 2022 and 2021 are as follows:

	Note receivables	Trade receivables	Overdue receivables	Long-term accounts receivables
As of 1 January 2022	$907	$3,652	$271,374	$17,089
Addition/(reversal) for the current period	-	750	-	1,482
Reclassification	-	(3,791)	22,361	(18,571)
As of 31 December 2022	$907	$611	$293,735	$ -
As of 1 January 2021	$907	$4,002	$266,363	$9,654
Addition/(reversal) for the current period	-	2,440	2,221	7,435
Reclassification	-	(2,790)	2,790	-
As of 31 December 2021	$907	$3,652	$271,374	$17,089

(14) Leases

The Company is a lessee

The Company has entered into commercial leases for motor vehicles for an average term of one to three years with no renewal rights and no restrictions have been imposed on the Company under these leases.

The Company has entered into leases for forklifts for an average term of two to six months with no renewal rights and no restrictions have been imposed on the Company under these leases.

A. Income and costs relating to leasing activities

	For the years ended 31 December	
	2022	2021
The expenses relating to short-term leases	$604	$380

(15) Summary statement of employee benefits, depreciation and amortization

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

expenses by function for the years ended 31 December 2022 and 2021:

Function / Nature	For the years ended 31 December					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$20,914	$37,212	$58,126	$21,210	$36,378	$57,588
Labor and health insurance	2,164	3,291	5,455	2,030	3,256	5,286
Pension	678	1,680	2,358	685	1,823	2,508
Remuneration to directors and supervisors	-	2,161	2,161	-	1,182	1,182
Other employee benefits expense	813	631	1,444	879	811	1,690
Depreciation	16,730	7,588	24,318	17,290	7,940	25,230
Amortization	3	88	91	-	69	69

For the years ended 31 December 2022 and 2021, the number of employees of the Company were 87 and 85; the number of directors who were not concurrently employees were 10 and 5, respectively.

For the years ended 31 December 2022 and 2021, the average of employees benefits expense of the Company were NT$775 thousand and NT$822 thousand, respectively.

For the years ended 31 December 2022 and 2021, the average of employees salaries of the Company were NT$668 thousand and NT$708 thousand, respectively. The Company’s average salary expense adjustment for the year ended 31 December 2022 increased by (5.65)%.

The company for the years ended 31 December 2022 and 2021, remuneration to supervisors of the Company were NT$103 thousand and NT$111 thousand, respectively.

The Company's remuneration policy for directors and managers is evaluated and reviewed by the Remuneration Committee on a regular basis, while the remuneration policy for employees is to review the levels of pay on an annual basis to provide employees with market-competitive salaries.

According to the Articles of Incorporation, at least 1% of profit of the current year is distributable as employees' compensation and no higher than 8% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Based on profit of 31 December 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended of 31 December 2022 to be 6.24% and 3.48% of profit, respectively, recognized as employee benefits expense and recognized employees' compensation and remuneration to directors and supervisors of $1,862 thousand and $1,040 thousand respectively.

A resolution was passed at the Board of Directors meeting held on 9 March 2022 to distribute NT$1,862 thousand and NT$1,040 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2022, respectively.

The amounts allocated to the employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2021 were $564 thousand and $534 thousand, respectively. There was no difference between these amounts and the amounts recorded as expenses in the financial statements for the year ended 31 December 2021.

(16) Non-operating income and expenses

(a) Interest income

	For the years ended 31 December	
Financial assets measured at amortized cost	$320	$77

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b)Other income

	For the years ended 31 December	
Sample income	$3,328	$1,183
Rental income	58	61
Others	5,743	8,618
Total	$9,129	$9,862

(c)Other gains and losses

	For the years ended 31 December	
Gains (losses) on disposal of property, plant and equipment	$(174)	$10
Foreign exchange gains (losses), net	3,456	(3,557)
Fee expense	(1,462)	(1,500)
Reversal of impairment loss on non-financial assets	174	-
Mixcellaneous disbursements	(167)	(1,737)
Total	$1,827	$(6,784)

(d) Finance costs

	For the years ended 31 December	
Interest on loans from bank	$18,610	$17,576

(17) Components of other comprehensive income

For the year ended 31 December 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$1,112	$ -	$1,112	$(222)	$890
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	25,950	-	25,950	-	25,950
Total of other comprehensive income	$27,062	$ -	$27,062	$(222)	$26,840

For the year ended 31 December 2021

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(385)	$ -	$(385)	$77	$(308)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(27,388)	-	(27,388)	(3,942)	(31,330)
Total of other comprehensive income	$(27,773)	$ -	$(27,773)	$(3,865)	(31,638)

(18) Income tax

The major components of income tax expense are as follows:

Income tax expense recognized in profit or loss

	For the years ended 31 December	
	2022	2021
Current income tax expense :		
Current income tax charge	$ -	$ -
Deferred tax expense:		
Deferred tax expense relating to origination an reversal of temporary differences	396	543
Total income tax expense (income)	$396	$543

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2022	2021
Deferred tax (expense)income :		
Exchange differences on translation of foreign operations	$ -	$(3,942)
Remeasurements of defined benefit plans	(222)	77
Income tax relating to components of other comprehensive income	$(222)	$(3,865)

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2022	2021
Accounting profit (loss) before tax from continuing operations	$26,960	$42,921
Tax at the domestic rates applicable to profits in the country concerned	$(5,392)	$(8,584)
Tax effect of expenses not deductible for tax purposes	(108)	(805)
Unrecognized tax losses / deductible temporary differences	5,896	9,932
Total income tax expense recognized in profit or loss	$396	$543

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2022

	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary differences				
Loss from price recovery (reduction) of inventories	$4,931	$72	$ -	$5,003
Unrealized foreign exchange gains or losses	27	540	-	567
Impairment of non-financial assets	9,850	(35)	-	9,815
Property, plant and equipment - accumulated depreciation	(11,307)	(118)	-	(11,425)
Exchange differences on translation of foreign operations	-	-	-	-
Non-current liability – Defined benefit liability	624	(63)	-	561
Actuarial gain (loss) – Defined benefit	(952)	-	(222)	(1,174)
Deferred tax income (expense)		$396	$(222)	
Net deferred tax assets (liabilities)	$3,173			$3,347
Reflected in balance sheet as follows:				
Deferred tax assets	$15,432			$15,946
Deferred tax liabilities	$(12,259)			$(12,599)

For the year ended 31 December 2021

	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary differences				
Loss from price recovery (reduction) of inventories	$4,760	$171	$ -	$4,931
Unrealized foreign exchange gains or losses	(536)	563	-	27
Impairment of non-financial assets	9,850	-	-	9,850
Property, plant and equipment - accumulated depreciation	(11,180)	(127)	-	(11,307)
Exchange differences on translation of foreign operations	3,942	-	(3,942)	-
Non-current liability – Defined benefit liability	688	(64)	-	624
Actuarial gain (loss) – Defined benefit	(1,029)	-	77	(952)
Deferred tax income (expense)		$543	$(3,865)	
Net deferred tax assets (liabilities)	$6,495			$3,173
Reflected in balance sheet as follows:				
Deferred tax assets	$19,240			$15,432
Deferred tax liabilities	$(12,745)			$(12,259)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The following table contains information of the unused tax losses of the Group:

	Unused tax losses as at		
Year	2022.12.31	2021.12.31	Expiration year
2012	136,625	174,329	2022
2013	144,777	144,777	2023
2014	63,285	63,285	2024
2015	38,529	38,529	2025
2016	167,247	167,247	2026
2017	47,836	47,836	2027
2018	16,215	16,215	2028
2019	4,264	4,264	2029
2020	39,407	39,407	2030
Total	$658,185	$695,889	

Unrecognized deferred tax assets

As of 31 December 2022 and 2021, the Company have not recognized deferred tax assets amounting to NT$130,308 thousand and NT$150,014 thousand, respectively, as the future taxable profit may not be available.

The assessment of income tax returns

As of 31 December 2022, the Company’s income tax returns through 2019 have been assessed and approved by the tax authority.

(19) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2022	2021
Basic earnings per share		
Net income (in thousands)	$27,356	$43,464
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	84,300	84,300
Basic earnings per share (NT$)	$0.32	$0.52

	For the years ended 31 December	
	2022	2021
Diluted earnings per share		
Net income attributable to the parent company (in thousands of NTD)	$27,356	$43,464
Net income attributable to the parent company after dilution (in thousands of NTD)	$27,356	$43,464
Weighted average number of ordinary shares outstanding for basic earnings per share (thousand shares)	84,300	84,300
Effect of dilution:		
Employees' compensation – stock (thousand shares)	146	-
Weighted average number of ordinary shares after dilution (thousand shares)	84,446	84,300
Diluted earnings per share (NTD)	$0.32	$0.52

The calculation of the Company's diluted earnings per share is consistent with the calculation of basic earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. Related party transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship
Pontex(Q.Y) Polyblend Co.,Ltd(Note 1)	Subsidiary
VietNam Bang Thai Polyblend Co.,Ltd	Subsidiary

Note 1: Formerly known as Pontex China Changming Factory, which has been changed to Pontex (Q.Y) Polyblend Co. ,Ltd.on 24 September 2020.

A. Sales

The sales price to the Company related parties was determined through mutual agreement based on the market rates. The collection period for domestic sales to related parties was month-end 60~150 days, while the terms for overseas sales were month-end 150 days. The collcetion period for third party sales was month-end 10~165 days. The outstanding amounts at the end of the year are unsecured, interest-free and are repayable in cash. The receivables from the related parties were not guaranteed.

The Company's sales to related parties for the year ended 31 December 2022 are as follows:

Related parties	Transaction type	Amount	Financial statement accounts	Disclosure of related party transactions
Pontex(Q.Y) Polyblend Co.,Ltd	Sales	$65,306	Sales revenue, which has been offset against purchases	$ -
VietNam Bang Thai Polyblend Co.,Ltd	Sales	9,850	Sales revenue, which has been offset against purchases	-
Total		$75,156		$ -

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company's sales to related parties for the year ended 31 December 2021 are as follows:

Related parties	Transaction type	Amount	Financial statement accounts	Disclosure of related party transactions
Pontex(Q.Y) Polyblend Co.,Ltd	Sales	$105,875	Sales revenue, which has been offset against purchases	$ -
VietNam Bang Thai Polyblend Co.,Ltd	Sales	8,832	Sales revenue, which has been offset against purchases	-
Total		$114,707		$ -

B. Purchases

The purchase price from the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers were comparable with third party suppliers, which are between 30 to 106 days per month.

The Company's purchases from related parties for the year ended 31 December 2022 are as follows:

Related parties	Transaction type	Amount	Financial statement accounts	Disclosure of related party transactions
VietNam Bang Thai Polyblend Co.,Ltd	Purchase	$137,394	Sales revenue, which has been offset against purchases	$121,058
Pontex(Q.Y) Polyblend Co.,Ltd	Purchase	47,699	Sales revenue, which has been offset against purchases	-
Total		$185,093		$121,058

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company's purchases from related parties for the year ended 31 December 2021 are as follows:

Related parties	Transaction type	Amount	Financial statement accounts	Disclosure of related party transactions
VietNam Bang Thai Polyblend Co.,Ltd	Purchase	$133,990	Sales revenue, which has been offset against purchases	$ 125,158
Pontex(Q.Y) Polyblend Co.,Ltd	Purchase	22,724	Sales revenue, which has been offset against purchases	-
Total		$156,714		$ 125,158

C. Accounts receivable-related parties

	As of 31 December	
	2022	2021
Pontex(Q.Y) Polyblend Co.,Ltd	$7,165	$16,633

D. Accounts payable-related parties

	As of 31 December	
	2022	2021
VietNam Bang Thai Polyblend Co.,Ltd	$82,567	$78,043
Pontex(Q.Y) Polyblend Co.,Ltd	48,610	17,995
Total	$131,177	$96,038

E. Key management personnel compensation

	For the years ended 31 December	
	2022	2021
Short-term employee benefits	$15,131	$14,117

8. Assets pledged as security

The following table lists assets of the Company pledged as security:

	Carrying amount		
Items	31 December 2022	31 December 2021	Secured liabilities
Other current financial assets	$ 24,174	$23,713	Short-term borrowings
Property, plant and equipment - land and buildings	384,374	386,459	Borrowings
Total	$408,548	$410,172	

9. Significant contingencies and unrecognized contract commitments

A. Amounts available under unused letters of credit as of 31 Deceber 2022 are NT$7,850 thousand.

B. Notes payable used as security for borrowings, processing and research and development that has not be recovered for cancellation as of 31 Deceber 2022 are NT$448,000 thousand.

C. In July 2016, the Securities and Futures Investor Protection Centre (hereinafter referred to as the “SFIPC”) filed a class action lawsuit on behalf of the Company's investors against the Company's former Chairman for his unauthorized investment in Suzhou Shangbang Optoelectronics Co., Ltd. without the approval of the Board of Directors, on the ground that the financial statements for the period from the fourth quarter of 2010 to the second quarter of 2012 were false and omitted and claimed for the Company for joint and several liability. According to the Company's assessment, the investment in Shangbang Co. was a personal wrongdoing of the former chairman in breach of his appointment and there were no false and omission in the financial statements. Given that Shangbang was not invested by the Company, the basis of the claim against the Company did not exist. The lawsuit was dismissed by the Taiwan Taichung District Court on 25 October 2018, which ruled against the SFIPC. However, the SFIPC filed an appeal on 26 December 2018, and on 27 May 2020, the Taiwan High Court Taichung Branch Court ruled that the Company and the other appellees were liable for a total compensation of $62,248 thousand. On 16 June 2020, the Company's attorney filed an appeal to the Taiwan High Court against the ruling of the second trial, which was inconsistent with the interpretation of the law and the findings of fact. As the appellees in the second trial and the SFIPC have filed appeals in the third trial, based on the objective facts, the Supreme Court will most likely to annul the ruling of the second trial and order for a retrial. Therefore, the original ruling against the Company and others in the second trial will cease to exist and the legal position will be reverted to that of the first trial in which the Court ruled against the SFIPC. As at the reporting date of the financial statements, the litigation is still in progress hence the result of the case is not confirmed and it is not possible to predict the exact amount of compensation that may be claimed or awarded.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

10. Losses due to major disasters

None.

11. Significant subsequent events

On 2 June 2022, the Group's shareholders' meeting approved the issuance of additional shares of common stock in three private placements of up to 30,000 thousand shares over a period of one year, in order to fund its working capital and repayment of loans. The Board of Directors resolved on 9 March 2023 that the pricing date for the Private Placement is to be set.

The price for the private placement of new shares is set at NT$10 per share and the total amount to be raised is expected to be NT$170,000 thousand. The base date for the private placement of additional capital is set at 23 March 2023, and the Chairman is authorized to make necessary adjustments. As of 9 March 2023, The relevant procedures are still in progress.

12. Others

(1) Categories of financial instruments

Financial assets

	As of 31 December	
	2022	2021
Financial assets measured at amortized cost (Note)	$330,567	$355,819

Financial liabilities	As of 31 December	
	2022	2021
Financial liabilities at amortized cost:		
Short-term loans	$407,044	$432,523
Accounts payable (including related parties)	181,845	174,644
Long-term loans (including current portion with maturity less than 1 year)	331,250	380,993
Total	$920,139	$988,160

Note: Including cash and cash equivalents (not including cash on hand), notes receivable, trade receivables, other receivables and other current financial assets.

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk and interest rate risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

<u>Foreign currency risk</u>

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2022 and 2021 are as follows:

	Equity (loss)	Profit / loss
For the years ended 31 December 2022	$ -	$1,125
For the years ended 31 December 2021	$ -	$187

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2022 and 2021 to decrease / increase by NT$738 thousnad and NT$814 thousand, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 December 2022 and 2021, amounts receivables from top ten customers represented 69% and 59% of the total accounts receivables of the Company. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 31 December 2022					
Borrowings	$491,423	$262,314	$7,120	$ -	$760,857
Notes and accounts payable (including related parties)	181,845	-	-	-	181,845
As of 31 December 2021					
Borrowings	$497,905	$146,141	$193,053	$ -	$837,099
Notes and accounts payable (including related parties)	174,644	-	-	-	174,644

(6) Reconciliation of liabilities from financing activities

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term loans	Long-term loan(including maturity within a year)	Total liabilities from financing activities
As of 1 January 2022	$432,523	$380,993	$813,516
Cash flow	(25,479)	(49,743)	(75,222)
As of 31 December 2022	$407,044	$331,250	$738,294

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term loans	Long-term loan(including maturity within a year)	Total liabilities from financing activities
As of 1 January 2021	$370,436	$449,135	$819,571
Cash flow	62,087	(68,142)	(6,055)
As of 31 December 2021	$432,523	$380,993	$813,516

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12.(8) for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of 31 December 2022 and 2021: None

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of 31 December 2022			As of 31 December 2021		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary items:						
USD	$3,663	30.715	$112,509	$4,256	27.680	$117,806
Financial liabilities						
Monetary items:						
USD	$ -	30.715	$ -	$3,580	27.680	$99,094

The Company has a number of different functional currencies; therefore, we are unable to disclose the exchange loss and gain of monetary financial assets and financial liabilities under each foreign currency that has significant impact. The Company recognized NT$3,456 thousand and NT$(3,557) thousand foreign exchange gains (losses) for the years ended 31 December 2022 and 2021, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(10) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information at significant transactions:

(a) Financing provided to others for the year ended 31 December 2022: None

(b) Endorsement/Guarantee provided to others for the year ended 31 December 2022:

No.	Endorsement /guarantee provider (Company name)	Guaranteed party		Limits on endorsement / guarantee amount provided to each guaranteed party (Notes 1 and 2)	Maximum Balance For the Period	Ending balance	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statements	Maximum endorsement/ guarantee amount allowable (Note 2)	Guarantee provided by Parent Company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in China
		Name	Nature of relationship										
0	The Company	VietNam Bang Thai Polyblend Co.,Ltd	Third-tier subsidiary	$502,721	$40,544	$40,544	$40,544	-	4.84	$670,295	Y	N	N

Note 1：The total amount of the endorsement/guarantee provided to a single entity shall not exceed 60% of the net worth of the Company.

Note 2：The maximum amount of the endorsement/ guarantee is limited to 80% of the net equity of the Company's most recent financial statements.

(c) Securities held as of 31 December 2022 (Not including investments in subsidiaries, associates and joint ventures): None

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital for the year ended 31 December 2022: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital for the year ended 31 December 2022: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2022: None.

(g) Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended 31 December 2022:

Company name (Note)	Counterparty	Nature of relationships	Transaction details				Circumstances under which the terms differ from those of ordinary transactions and the reasons		Notes/accounts payable or receivable		Note
			Purchases/ sales	Amount	% to total (sales) purchases	Payment terms	Unit price	Payment terms	Ending balance	% to total (receivables) / payables	
The Company	VietNam Bang Thai Polyblend Co.,Ltd	Parent and sub-subsidiary	Purchase	$137,394	18.62%	Ordinary	Ordinary	Ordinary	$(82,567)	(45.41)%	
VietNam Bang Thai Polyblend Co.,Ltd	The Company	Parent and sub-subsidiary	Sales	$(137,394)	(77.89)%	Ordinary	Ordinary	Ordinary	$82,567	97.27%	

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of year ended 31 December 2022: None.

(i) Financial instruments and derivative transactions: None.

(j) The business relationship, significant transactions and amounts between parent company and subsidiaries:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No. (Note 1)	Company name (Note 2)	Counterparty	Nature of relationships (Note 2)	Transaction details			
				Financial statement account	Amount (Note 3)	Payment terms (Note 4)	% to total operating revenue or total assets (Note 5)
0	The Company	Pontex(Q.Y) Polyblend Co.,Ltd	1	Sales	$65,306	-	6.05%
0	The Company	Pontex(Q.Y) Polyblend Co.,Ltd	1	Accounts Receivable	$7,165	-	0.42%
0	The Company	Pontex(Q.Y) Polyblend Co.,Ltd	1	Purchase	$47,699	-	4.42%
0	The Company	Pontex(Q.Y) Polyblend Co.,Ltd	1	Accounts Payable	$48,610	-	2.82%
0	The Company	VietNam Bang Thai Polyblend Co.,Ltd	1	Sales	$9,850	-	0.91%
0	The Company	VietNam Bang Thai Polyblend Co.,Ltd	1	Purchase	$137,394	-	12.73%
1	The Company	VietNam Bang Thai Polyblend Co.,Ltd	1	Accounts Payable	$82,567	-	4.8%
1	Pontex(Q.Y) Polyblend Co.,Ltd	The Company	2	Purchase	$65,306	-	6.05%
1	Pontex(Q.Y) Polyblend Co.,Ltd	The Company	2	Accounts Payable	$7,165	-	0.42%
1	Pontex(Q.Y) Polyblend Co.,Ltd	The Company	2	Sales	$47,699	-	4.42%
1	Pontex(Q.Y) Polyblend Co.,Ltd	The Company	2	Accounts Receivable	$48,610	-	2.82%
2	VietNam Bang Thai Polyblend Co.,Ltd	The Company	2	Purchase	$9,850	-	0.91%
2	VietNam Bang Thai Polyblend Co.,Ltd	The Company	2	Sales	$137,394	-	12.73%
2	VietNam Bang Thai Polyblend Co.,Ltd	The Company	2	Accounts Receivable	$82,567	-	4.8%

Note 1： Information on business transactions between the parent company and the subsidiaries should be indicated separately in the numbered column as follows:

1. Enter 0 for the parent company.
2. Subsidiaries are numbered sequentially by company, starting with the Arabic numeral 1.

Note 2：There are three types of relationship between the parties to the transaction, which can be identified as follows:

1. Parent company to a subsidiary.
2. A subsidiary to parent company.
3. A subsidiary to a subsidiary.

Note 3： In accordance with the provisions of the letter of the Accounting Research And Development Foundation Interpretation 87-076, the transactions between the Company and Pontex(Q.Y) was subject to the accounting treatment for processing subcontract, and the amount of purchase and sales in this column is presented based on the actual amount of transaction before the offsetting of the Company's purchase and sales.

Note 4：The term is determined based on the capital requirements of the subsidiaries and is not materially different from that of general customers.

Note 5：The percentage of total amount of transactions to total consolidated operating revenues or total assets is calculated as the ending balance to total consolidated assets for assets and liabilities accounts, or as the cumulative amount to total consolidated operating revenues for profit and loss accounts.

(2) Information on investees:

(a) Names, locations, main businesses and products, original investment amount, investment as of 31 December 2022, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2022 (Not including investments in mainland China):

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Address	Main businesses and products	Initial investment amount		Investment as at end of the period			Net income (loss) of investee Company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Carrying value			
The Company	MULTITEX POLYBLEND CO., LTD.	Samoa	Holding company.	$193,174 (USD6,000,020)	$193,174 (USD6,000,020)	6,000,020	100%	$462,172	$36,464	$36,202 (Note 1) (Note 2)	A subsidiary of the Company
The Company	POLYTECH GLOBAL LIMITED	Seychelles	Holding company.	$280,559 (USD9,060,000)	$280,559 (USD9,060,000)	9,060,000	100%	$292,493	$19,123	$18,722 (Note 1) (Note 2) (Note 3)	A subsidiary of the Company
POLYTECH GLOBAL LIMITED	Cleated Molding Global Limited	Seychelles	Holding company.	$280,559 (USD9,060,000)	$280,559 (USD9,060,000)	9,060,000	100%	$282,021	$19,123	$19,123 (Note 1)	A sub-subsidiary of the Company
Cleated Molding Global Limited	VietNam Bang Thai Polyblend Co.,Ltd	Vietnam	Manufacture and sale of plastic pellets, plastic sports equipment together with parts thereof, shoes, shoe materials and parts thereof, and moulds.	$280,559 (USD9,060,000)	$280,559 (USD9,060,000)	9,060,000	100%	$282,019	$20,236	$19,122 (Note 1) (Note 3)	A third-tier subsidiary of the Company

Note 1： The recognized investment gains and losses for the current period include the investment gains and losses that are required to be recognized for the investment.

Note 2： The investment gains and losses recognized in the current period include the effect of downstream transactions.

The investment gains or losses recognized in the current period include the effect of capitalization of interest on borrowings.

Note 3： The investment gains and losses recognized in the current period include the effect of premiums on equity.

(2) If the issuer directly or indirectly exercises significant influence or control over an investee company, it shall disclose information on significant

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

transactions with the investee company:

There is no further information required to be disclosed under Article 17(2)(B) of the Regulations Governing the Preparation of Financial Reports by Securities Issuers in respect of the Company's investment activities, except for the following matters.

(a) Financing provided to others for the year ended 31 December 2022:

No,	Financing Company	Counterparty	Financial statement account	Related party	Maximum balance for the period	Ending Balance(Limit approved by the Board)	Amount Actually Drawn	Interest rate	Nature for Financing (Note 1)	Transaction Amounts	Reason for short-term financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company (Note 2)	Financing Company's Total Financing Amount Limits (Note 3)
													Item	Value		
1	VietNam Bang Thai Polyblend Co.,Ltd	Pontex Polyblend Co., Ltd.	Account receivables – related parties	Y	$23,061	$ -	$ -	0%	2	$ -	Operating capital	$ -	None	$ -	$98,218	$220,991

Note 1： 1 represents business transactions and 2 represents the necessity of short-term financing.

Note 2：The limit shall not exceed 40% of the net value of the Company's financial statements as last audited or reviewed by the CPA. However, the individual limit on the lending of funds between foreign companies in which the Company directly or indirectly holds 100% of the voting shares shall not exceed 90% of the net value of the most recent financial statements of the Company.

Note 3：Shall not exceed 90% of the net value of the financial statements of the Company as last audited or reviewed by the CPA.

Note 4：Pontex Polyblend Co., Ltd. has repaid USD750,795.71 to VietNam Bang Thai Polyblend Co., Ltd on 25 August 2022.

(b) Endorsement/Guarantee provided to others for the year ended 31 December 2022: None.

(c) Securities held as of 31 December 2022 (Not including investments in subsidiaries, associates and joint ventures): None.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital for the year ended 31 December 2022: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital for the year ended 31 December 2022: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2022: None.

(g) Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended 31 December 2022: Please refer to Note 13.(1)(g) for further details.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of year ended 31 December 2022: None.

(i) Financial instruments and derivative transactions: None.

(3) Information on investments in mainland China

(a) Investment in Mainland China:

(Amounts in thousands; Currency denomination in NTD or in foreign currencies)

Investee Company	Main businesses and products	Total amount of paid-in capital	Method of investment	Beginning accumulated outflow of investment from Taiwan	Investment flows for the period		Ending accumulated outflow of investment from Taiwan	Net income (loss) of investee Company	Percentage of ownership	Investment income (loss) recognized (Note1)	Carrying value as at end of the period	Accumulated inward remittance of earnings as at end of the period
					Outflow	Inflow						
Pontex (Q.Y) Polyblend Co.,Ltd	Manufacture and sale of plastic pellets, plastic sports equipment together with its parts and accessories, shoes, shoe materials together with its parts and moulds.	$193,174 (RMB 44,325,843)	Investment in China through a company in the third region (MULTITEX POLYBLEND CO., LTD.)	$193,174 (USD6,000,020)	$ -	$ -	$193,174 (USD6,000,020)	$36,458	100%	$36,458	$463,822	$ -

Note 1： The investment gains and losses recognized in the current period are based on the financial statements of the investees audited by the CPA of the parent company in Taiwan.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accumulated investment in China as of 31 December 2022	Investment amounts authorized by Investment Commission, MOEA	Upper Limit on Investment
		Net equity×60%
$193,174 (USD6,000,020)	$511,240 (USD17,081,509)	$502,721

(b) Significant transactions through third regions with the investees in Mainland China:

1. 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: Refer to Note 13.1(10).

2. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Refer to Note 13.1(10).

3. The amount of property transactions and the amount of the resultant gains or losses: None.

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

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

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

(4) Information of major shareholders

As of 31 December 2022

Shares / Main shareholder	Number of shares	Percentage of ownership (%)
HENRY GLOBAL INVEST MENT CO., LTD.	5,000,000	5.93%

PONTEX POLYBLEND CO.,LTD

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

FOR THE YEAR ENDED 31 DECEMBER 2022

PONTEX POLYBLEND CO.,LTD

1. STATEMENT OF CASH AND CASH EQUIVALENTS

31 DECEMBER 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Cash on hand		$1,122	
Bank savings			
Demand deposits		35,614	
Cheque deposits		1,688	
Foreign currency deposits	Primarily includes: USD $2,098 thousands AUD $48 thousands, etc.	65,497	
Total		103,921	
Less: Allowance of loss on exchange		(20)	
Net Amount		$103,901	

PONTEX POLYBLEND CO.,LTD

2. STATEMENT OF NOTES RECEIVABLE

31 DECEMBER 2022

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Client A	Purchase	$7,750	
Client B	Purchase	1,194	
Client C	Purchase	1,124	
Client D	Purchase	1,115	
Others (Note)	The amount of individual client in others does not exceed 5% of the account balance.	3,472	
Total		14,655	
Less: loss allowance		(907)	
Net Amount		$13,748	

PONTEX POLYBLEND CO.,LTD

3. STATEMENT OF ACCOUNTS RECEIVABLE

31 DECEMBER 2022

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Non-Related Parties			
1.Accounts Receivable：			
Client A		$76,787	
Client B		23,674	
Others (Note)		82,314	
Total		182,775	
Less: Allowance of loss on exchange		(313)	
Less: loss allowance		(611)	
Net Amount		$181,851	
Related Parties			
Pontex(Q.Y) Polyblend Co.,Ltd.		7,169	
Less: Allowance of loss on exchange		(4)	
Accounts receivable - related parties, net		7,165	
Accounts receivable – non-related parties and related parties, net		$189,016	

(Note) The amount of individual client in others does not exceed 5% of the account balance that consolidated realize.

PONTEX POLYBLEND CO.,LTD

4. STATEMENT OF INVENTORIES

31 DECEMBER 2021

(In Thousands of New Taiwan Dollars)

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials(included raw materials in transit)		$162,276	$158,385	Please refer to Note 4.(9) for more details on net realizable value
Work in process		3,938	4,100	
Finished goods		35,970	38,264	
Merchandise		12,823	-	
Inventory of involving processing outside		6,706	6,706	
Total		221,713	$207,455	
Less: Allowance for inventory valuation losses		(25,017)		
Net Amount		$196,696		

PONTEX POLYBLEND CO.,LTD

5. STATEMENT OF OTHER CURRENT FINANCIAL ASSETS

31 DECEMBER 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. – Pouchen Branch	Deposits	$3,218	
MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. – Pouchen Branch	Deposits	3,181	
SUNNY BANK LTD. CHINGWU BRANCH	Impound Account	6,011	
LAND BANK OF TAIWAN CO., LTD. – Fengyuan Branch	Impound Account	7,009	
HUA NAN COMMERCIAL BANK LTD. - Fengyuan Branch	Impound Account	5,010	
Other	The amount of bank does not exceed 5% of the account balance.	1	
Total		24,430	
Less: Allowance of loss on exchange		(256)	
Net Amount		$24,174	

PONTEX POLYBLEND CO.,LTD

6. STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

FOR THE YEAR ENDED 31 DECEMBER 2022

(In Thousands of New Taiwan Dollars)

Name	As of 1 January 2021		Additions		Decrease		Share of profits or losses of subsidiaries, associates and joint ventures accounted for under the equity method (Note 1)	Share of other comprehensive profit or loss of subsidiaries, associates and joint ventures	Unrealized gains and loss on downstream transactions	As of 31 December 2021			Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount				Shares	%	Amount		
Multitex Polyblend CO.,LTD.	6,000,020	$419,885	-	$ -	-	$ -	$36,202	$6,195	$(110)	6,000,020	100%	$462,172	None	
Polytech Global Ltd	9,060,000	313,973	-	-	-	(59,880)	18,722	19,755	(77)	9,060,000	100%	292,493	None	
Total		$733,858		$ -		$(59,880)	$54,924	$25,950	$(187)			$754,665		

Note 1：The investment income recognized in the current period includes the effect of downstream transactions.

PONTEX POLYBLEND CO.,LTD

7. STATEMENT OF SHORT-TERM LOANS

31 DECEMBER 2022

(In Thousands of New Taiwan Dollars)

Type	Description	Balance, End of Year	Contract Period	Interest rates applied (%)	Loan Commitments	Collateral	Note
Domestic letters of credit loan	FIRST COMMERCIAL BANK CO., LTD. FENGYUAN BRANCH	$68,070	8 Aug 2022 – 17 Jun 2023	2.58%	NTD400,000,000	Land, plant	
Working capital loan	FIRST COMMERCIAL BANK CO., LTD. FENGYUAN BRANCH	235,000	6 Jul 2022 – 21 Jun 2023	2.58%			
Domestic letters of credit loan	LAND BANK OF TAIWAN CO., LTD. – Fengyuan Branch	22,781	11 Aug 2022 - 14 Jun 2023	2.55%	NTD70,000,000	Deposits	
Working capital loan	LAND BANK OF TAIWAN CO., LTD. – Fengyuan Branch	20,000	23 Aug 2022 - 24 Jun 2023	2.55%			
Domestic letters of credit loan	HUA NAN COMMERCIAL BANK LTD. - Fengyuan Branch	18,141	30 Sep 2022 - 20 Jun 2023	2.65%-2.91%	NTD30,000,000	Deposits	
Domestic letters of credit loan	HUA NAN COMMERCIAL BANK LTD. - Fengyuan Branch	5,839	31 Aug 2022 – 5 May 2023	2.75%	NTD15,000,000	Deposits	
Working capital loan	BANK OF TAIWAN FENGYUAN BRANCH	25,000	24 Oct 2022 - 22 May 2023	2.65%	NTD45,000,000	Deposits	
Domestic letters of credit loan	MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. – Chingwu Branch	3,483	7 Oct 2022 - 24 May 2023	2.04%	NTD20,000,000	Deposits	
Domestic letters of credit loan	SUNNY BANK LTD. CHINGWU BRANCH	8,730	7 Sep 2022 - 16 Jun 2023	3.04%	NTD20,000,000	Deposits	
Net Amount		$407,044					

PONTEX POLYBLEND CO.,LTD

8. STATEMENT OF NOTES PAYABLE

31 DECEMBER 2022

(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount	Note
Client A	Purchase	$10,723	
Client B	Purchase	3,587	
Client C	Purchase	1,500	
Other	The amount of supplier does not exceed 5% of the account balance.	13,066	
Total		$28,876	

PONTEX POLYBLEND CO.,LTD

9. STATEMENT OF ACCOUNTS PAYABLE

31 DECEMBER 2022

(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount	Note
Non-Related Parties			
Client A		$5,738	
Client B		3,242	
Client C		2,930	
Client D		1,885	
Client E		1,196	
Client F		1,157	
Others (Note)		5,643	
Accounts receivable – non-related parties, net		21,791	
Related Parties			
Pontex(Q.Y) Polyblend Co.,Ltd.		47,087	
VietNam Bang Thai Polyblend Co.,Ltd.		82,181	
Subtotal		129,268	
Less: Allowance of loss on exchange		1,910	
Accounts receivable - related parties, net		131,178	
Accounts receivable – non-related parties and related parties, net		$152,969	

PONTEX POLYBLEND CO.,LTD

10. STATEMENT OF OTHER PAYABLE
31 DECEMBER 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Salaries and bonuses payable		$8,248
Compensation of employee payable		1,862
Remuneration of directors and supervisors payable		1,040
Professional expense payable		1,516
Other		9,693
Total		22,359
Less: Allowance of gains on exchange		326
Net Amount		$22,685

PONTEX POLYBLEND CO.,LTD

11. STATEMENT OF NET OPERATING REVENUES

FOR THE YEAR ENDED 31 DECEMBER 2022

(In Thousands of New Taiwan Dollars)

Item	Quantity	Amount	Note
Sports equipments			
Injection Molding	4,669,894 pairs	$184,799	
Injection Molding	5,898,197 PC	1,472	
Compound material			
polymer additives	11,051,343 Kg	602,528	
Other	1,846 pairs	109	
Total		$788,908	

PONTEX POLYBLEND CO.,LTD

12. STATEMENT OF OPERATING COSTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
1. Cost of sales of goods manufactured		
Direct material: Raw material purchased	$136,093	
Raw material in transit, beginning of year	699	
Add：Raw material, beginning of year	555,161	
Transferred from finished goods	25,783	
Transferred from produced	11,122	
Transferred from other factory	37	
Transferred to expenses	608	
Less: Transferred from produced / work in process	(11,122)	
Sale of raw material	(179,964)	
Raw material, end of year	(162,276)	
Raw material in transit, end of year	-	
Direct material used	376,141	
Direct labor	11,997	
Manufacturing expenses (Refer to 13)	35,624	
Manufacturing cost	423,762	
Add: Work in process, beginning of year	6,386	
Work in process, end of year	(3,938)	
Cost of finished goods	426,210	
Add:Finished goods, beginning of year	45,766	
Released	182	
Less: Transferred to raw material	(25,783)	
Released to other factory	(220)	
Transferred to expenses	(1,154)	
(Continued)		

PONTEX POLYBLEND CO.,LTD

12. STATEMENT OF OPERATING COSTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
(Continued)		
Finished goods, end of year	(35,971)	
Cost of sales of goods manufactured	409,030	
2. Cost of sales of goods purchased		
Add: Inventory, beginning of year	12,883	
Purchases, net	181,996	
Less:Transferred to expenses	(3)	
Inventory, end of year	(12,823)	
Cost of sales of goods purchased	182,053	
3. Sales of raw materials and working in progress	179,965	
4. Unapportion fixed manufacturing costs	14,605	
5. Feeding processing adjustment	(75,156)	
6. Loss on inventory valuation	361	
7. Scrap	281	
Total	$711,139	

PONTEX POLYBLEND CO.,LTD

13. STATEMENT OF MANUFACTURING EXPENSES

FOR THE YEAR ENDED 31 DECEMBER 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Depreciation expense	$16,730	
Utilities expense	11,010	
Indirect labor	8,917	
consumable material	2,806	
Processing costs	2,403	
Others (Note)	8,363	
Less: Unapportion fixed manufacturing costs	(14,605)	
Total	$35,624	

(Note) The amount of individual client in others does not exceed 5% of the account balance.

PONTEX POLYBLEND CO.,LTD

14. STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED 31 DECEMBER 2022

(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Expected credit loss	Total	Note
Payroll expense	$12,284	$23,211	$3,878	$ -	$ 39,373	
Freight expense	3,511	16	5	-	3,532	
Depreciation expense	17	7,025	546	-	7,588	
Commission	1,421	-	-	-	1,421	
requested investigation cost	-	-	9,111	-	9,111	
Export/import expense	5,306	-	-	-	5,306	
Services expense	1,089	4,816	26	-	5,931	
Other expense	1,606	5,067	1,870	-	8,543	
Expected credit impairment loss	-	-	-	2,232	2,232	
Others (Note)	5,278	8,098	1,799	-	15,175	
Total	$30,512	$48,233	$17,235	$2,232	$98,212	

(Note) The amount of individual client in others does not exceed 5% of the account balance.