Stock code: 8935

PONTEX POLYBLEND CO.,LTD
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

Address: No.23-6, Longxing Ln., Sec. 2, Fengxing Rd., Tanzi Dist., Taichung City 427, Taiwan

Telephone: (04)25384121

PONTEX POLYBLEND CO.,LTD

REPRESENTATION LETTER

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

Hereby certified.

PONTEX POLYBLEND CO.,LTD

HENRY GLOBAL INVEST MENT CO., LTD.

SHEN, MAO-KEN
Chairman

09 March 2023

Independent Auditors' Report

To PONTEX POLYBLEND CO.,LTD

Opinion

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and 2021, and their consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity 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 and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the 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 Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries 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 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment of accounts receivable

As of 31 December 2022, gross accounts receivable and loss allowance by the Company amounted to NT$226,933 thousand and NT$830 thousand, respectively. Net accounts receivable accounted for 13% 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.

2. Valuation for inventories

As of 31 December 2022, the net inventories of the Company and its subsidiaries amounted to NT$277,306 thousand accounting for 17% 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 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

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

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

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 and its subsidiaries. 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated 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 and its subsidiaries to express an opinion on the consolidated 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 consolidated 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.

Other

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021.

Huang, Tzu Ping

Yen, Wen Pi

Ernst & Young, Taiwan

March 9, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent accountants 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 Consolidated Financial Statements Originally Issued in Chinese

Pontex Polyblend Co., Ltd. AND SUBSIDIARIES

CONSOLIDATED 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)	$151,394	9	$112,146	7
1110	Financial assets at fair value through profit or loss, current		35,272	2	-	-
1150	Notes receivable, net	4,6(2)	13,748	1	23,650	1
1170	Accounts receivable, net	4,6(3)	226,103	13	279,793	16
1200	Other receivables	4	4,050	-	4,043	-
130x	Inventories	4,6(4)	277,306	17	281,387	16
1410	Prepayments		22,857	1	40,890	2
1476	Other current financial assets	6(1),8	30,787	2	31,318	2
1479	Other current assets		1,738	-	1,113	-
11xx	Total current assets		763,255	45	774,340	44
	Non-current assets					
1600	Property, plant and equipment	4,6(5),8	722,405	42	750,642	42
1755	Right-of-use assets	4,6(14)	156,293	9	156,984	9
1760	Investment property	4,6(6)	55,968	3	58,403	3
1780	Intangible assets	4	251	-	229	-
1840	Deferred tax assets	4,6(18)	15,962	1	15,422	1
1900	Other non-current assets	6(7)	3,844	-	10,089	1
1975	Net defined benefit non-current assets	4,6(10)	3,061	-	1,635	-
15xx	Total non-current assets		957,784	55	993,404	56
1xxx	Total assets		$1,721,039	100	$1,767,744	100

(Continued)

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Pontex Polyblend Co., Ltd. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

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)	$427,749	25	$452,453	26
2150	Notes payable		28,876	2	24,517	1
2170	Accounts payable		38,697	2	67,618	4
2200	Other payables		33,127	2	32,532	2
2230	Current tax liabilities	6(18)	6,354	-	8,462	-
2320	Long-term liabilities-current portion	4,6(9)	72,500	4	73,743	4
2399	Other current liabilities	6(12)	1,890	-	2,193	-
21xx	Total current liabilities		609,193	35	661,518	37
	Non-current liabilities					
2540	Long-term loans	4,6(9)	258,750	15	307,250	17
2570	Deferred tax liabilities	4,6(18)	12,556	1	12,318	1
2610	Long-term notes and accounts payable		-	-	354	-
2645	Other non-current liabilities-others		2,671	-	2,631	-
25xx	Total non-current liabilities		273,977	16	322,553	18
2xxx	Total liabilities		883,170	51	984,071	55
31xx	Equity attributable to the parent company					
3100	Capital					
3110	Common stock	6(11)	843,000	49	843,000	49
3300	Retained earnings	6(11)				
3310	Legal reserve		619	-	-	-
3320	Special reserve		5,569	-	-	-
3350	Unappropriated 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	49	783,673	45
	Total liabilities and equity		$1,721,039	100	$1,767,744	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 Consolidated Financial Statements Originally Issued in Chinese

Pontex Polyblend Co., Ltd. AND SUBSIDIARIES

CONSOLIDATED 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	For the years ended 31 December 2022		For the years ended 31 December 2022	
			Amount	%	Amount	%
4000	Operating revenues	4,6(12),7	$1,079,677	100	$1,379,203	100
5000	Operating costs	6(4),6(15)	(907,235)	(84)	(1,168,897)	(85)
5900	Gross profit-net		172,442	16	210,306	15
6000	Operating expenses	6(15)				
6100	Sales and marketing expenses		(48,355)	(4)	(49,187)	(4)
6200	General and administrative expenses		(85,417)	(8)	(82,179)	(6)
6300	Research and development expenses		(17,899)	(1)	(21,272)	(1)
6450	Expected credit loss	4,6(13)	(2,232)	-	(12,301)	(1)
	Total operating expenses		(153,903)	(13)	(164,939)	(12)
6900	Operating income		18,539	3	45,367	3
7000	Non-operating income and expenses					
7100	Interest income		630	-	179	-
7010	Other income	4,6(16)	19,893	2	17,034	1
7020	Other gains and losses	6(16)	4,143	-	(5,585)	-
7050	Finance costs	6(16)	(19,255)	(2)	(18,236)	(1)
7055	Expected credit losses	6(13)	-	-	(1,410)	-
	Total non-operating income and expenses		5,411	-	(8,018)	-
7900	Income from continuing operations before income tax		23,950	3	37,349	3
7950	Income tax benefit	4,6(18)	3,406	-	6,115	-
8200	Net income		27,356	3	43,464	3
8300	Other comprehensive income (loss)	6(17)				
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurement on defined benefit plan		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	2	(27,388)	(2)
8399	Income tax related to items that may be reclassified subsequently		-	-	(3,942)	-
	Total other comprehensive income (loss), net of tax		26,840	2	(31,638)	(2)
8500	Total comprehensive income		$54,196	5	$11,826	1
8600	Net income attributable to:					
8610	Stockholders of the parent		$27,356		$43,464	
8620	Non-controlling interests		-		-	
			$27,356		$43,464	
8700	Comprehensive income attributable to:					
8710	Stockholders of the parent		$54,196		$11,826	
8720	Non-controlling interests		-		-	
			$54,196		$11,826	
	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. Representative: SHEN, MAO-KEN   Manager: SHEN, MAO-KEN   Accounting Officer: CHUNG, HSIU-CHU

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Pontex Polyblend Co., Ltd. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Notes	Equity Attributable to the Parent Company					Total Equity
		Capital	Retained Earnings			Other components of equity	
			Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	
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 loss		-	-	-	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.　Manager: SHEN, MAO-KEN　Accounting Officer: CHUNG, HSIU-CHU

Representative: SHEN, MAO-KEN

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Pontex Polyblend Co., Ltd. AND SUBSIDIARIES

CONSOLIDATED 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		$23,950	$37,349
Adjustments to reconcile net income before tax to net cash provided by operating activities:			
Depreciation		56,739	56,110
Amortization		142	124
Expected credit loss		2,232	13,711
Interest expense		19,255	18,236
Interest income		(630)	(179)
Loss on disposal of property, plant and equipment		174	8,065
Reversal of impairment loss on non-financial assets		(174)	(8,796)
Changes in operating assets and liabilities:			
Decrease (increase) in notes receivable		9,902	(4,935)
Decrease in accounts receivable		53,719	40,405
Increase in other receivables		(290)	(455)
Decrease (increase) in inventories, net		4,081	(49,219)
Decrease (increase) in prepayments		18,033	(6,712)
Decrease (increase) in other current financial assets		531	(3,701)
Increase (decrease) in other current assets		(625)	5,370
Increase in notes payable		4,005	7,788
Decrease in accounts payable		(28,921)	(49,625)
Increase in other payables		3,427	38
Decrease in other current liabilities		(303)	(5,081)
Increase in net defined benefit non-current assets		(314)	(321)
Cash generated from operations		164,933	58,172
Interest received		598	178
Interest paid		(19,127)	(18,210)
Income tax paid (return)		582	(845)
Net cash provided by operating activities		146,986	39,295

(The accompanying notes form an integral part of the consolidated 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 Consolidated Financial Statements Originally Issued in Chinese

Pontex Polyblend Co., Ltd. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

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 investing activities:			
Acquisition of property, plant and equipment		(11,810)	(18,808)
Proceeds from disposal of property, plant and equipment		-	920
Acquisition of intangible assets		(160)	(82)
Acquisition of amortized cost financial assets		(35,272)	-
Increase in other non-current assets		420	(110)
Net cash used in investing activities		(46,822)	(18,080)
Cash flows from financing activities:			
Increase in short-term loans		955,937	1,111,257
Decrease in short-term loans		(982,124)	(1,045,075)
Proceeds from long-term loans		24,000	-
Repayments of long-term loans		(73,743)	(72,288)
Increase in long-term notes and accounts payable		-	354
Increase in other non-current liabilities		40	1,189
Net cash used in financing activities		(75,890)	(4,563)
Effect of exchange rate changes on cash and cash equivalents		14,974	(5,174)
Net increase in cash and cash equivalents		39,248	11,478
Cash and cash equivalents at beginning of period		112,146	100,668
Cash and cash equivalents at end of period	6(1)	$151,394	$112,146

(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

Pontex Polyblend Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

For the years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, unless Otherwise Stated)

1、 History and organization

Pontex Polyblend Co., Ltd. (hereinafter “the Company”) was incorporated in 21 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 consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as “the Group”) for the years ended 31 December 2022 and 2021 were approved to release in accordance with a resolution of the board of directors’ meeting on 09 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 Group 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. The adoption new standard and amendment is described, had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group 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 were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2022.The remaining standards and interpretations have no material impact on the Group.

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

(3) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC, and not yet adopted by the Group 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 Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The standards and interpretations have no material impact on the Group.

4、Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group 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") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee, which are endorsed by FSC (TIFRSs).

(2) Basis of preparation

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

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
B. exposure, or rights, to variable returns from its involvement with the investee, and
C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

A. the contractual arrangement with the other vote holders of the investee
B. rights arising from other contractual arrangements
C. the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and loss and dividends resulting from intra-group transactions are eliminated in full.

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

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
B. derecognizes the carrying amount of any non-controlling interest;
C. recognizes the fair value of the consideration received;
D. recognizes the fair value of any investment retained;
E. recognizes any surplus or deficit in profit or loss;
F. reclassifies the parent's share of components previously recognized in other comprehensive income as changes in profit or loss.

The consolidated entities are listed as follows:

			Percentage of ownership (%)	
Investor	Subsidiary	Main businesses	2022.12.31	2021.12.31
The Company	Multitex Polyblend co.,LTD.	A holding company of investment in China.	100%	100%
Multitex Polyblend co., LTD.	Pontex(Q.Y) Polyblend Co.,Ltd (Hereinafter referred to as Pontex(Q.Y) Co.)	Manufacture and sale of plastic pellets, plastic sports equipment together with parts thereof, shoes, shoe materials and parts thereof, and moulds.	100%	100%
The Company	Ever Power Services Trading Limited	Collections and payment transfer of materials.	- (Note1)	- (Note1)
The Company	Polytech Global Limited	A holding company of investment in VietNam.	100%	100%
Polytech Global Limited	Cleated Molding Global Limited	A holding company of investment in VietNam.	100%	100%

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

			Percentage of ownership (%)	
Investor	Subsidiary	Main businesses	2022.12.31	2021.12.31
Cleated Molding Global Limited	VietNam Bang Thai Polyblend Co.,Ltd (Hereinafter referred to as VietNam Bang Thai Co.)	Manufacture and sale of plastic pellets, plastic sports equipment together with parts thereof, shoes, shoe materials and parts thereof, and moulds.	100%	100%
-(Note2)	New Fortune Enterprises Limited	Collections and payment transfer of materials.	-	-
-(Note3)	Fantastic Business International Co., Ltd	Collections and payment transfer of materials.	-	-
-(Note3)	Extra Achievement Group Ltd.	Collections and payment transfer of materials.	-	-

Note1:Ever Power Services Trading Limited was deregistered on 18 May 2021.

Note2:New Fortune Enterprises Limited was established in the Nevis Islands in the name of the Chairman at the time of its establishment. It is primarily engaged in the collection and payment transfer for the sales of equipment injection parts and assemblies. As all of its transaction counterparties are the Company and Pontex(Q.Y) Co,, it has been included in the Consolidated Entities, even though the Consolidated Entities do not hold any shares. New Fortune Enterprises Limited was deregistered on 23 February 2021.

Note3:Fantastic Business International Co., Ltd and Extra Achievement Group Ltd. was established in Seychelles on 2 March 2017 in the name of the Deputy General Manager at the time of its establishment. It is primarily engaged in the collection and payment transfer for the sales of equipment injection parts and assemblies. As all of its transaction counterparties are the Company and VietNam Bang Thai Co,, it has been included in the Consolidated Entities, even though the Consolidated Entities do not hold any shares. Extra Achievement Group Ltd. was deregistered on 5 February 2021 and Fantastic Business International Co., Ltd. was deregistered on 14 October 2021.

(4) Foreign currency transactions

The Group’s consolidated financial statements are presented in New Taiwan Dollars (NTD), which is also the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency 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 a foreign currency 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.y

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.

(5) Translation of financial statements in foreign currency

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.

(6) Current and non-current distinction

An asset is classified as current when:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
B. The Group holds the asset primarily for the purpose of trading
C. The Group 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 Group expects to settle the liability in its normal operating cycle
B. The Group 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 Group 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.

(7) Cash and cash equivalent

Cash and cash equivalents comprise 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.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group 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 Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group 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 Group's business model for managing the financial assets
(b) the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

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 loss.

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 Group 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 Group 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 loss and foreign exchange gains and loss, 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 Group 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 Group 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 Group 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 loss 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 Group 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 Group 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 losses: 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 Group measures the loss allowance at an amount equal to lifetime expected credit losses 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 losses: 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 Group measures the loss allowance at an amount equal to lifetime expected credit losses.

(d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group 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 Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
(c) The Group 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 Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

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 group 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.

Financial liabilities at amortized cost

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.

(9) 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 Group.

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 Group 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.

(10) 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 on a first in, first out basis

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.

(11) 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.

(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 Group 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	2～10 years
Transportation equipment	5～10 years
Office equipment	2～10 years
Other equipment	2～20 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.

(13) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

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

Buildings	20 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers properties to or from investment properties according to the actual use of the properties.

The Group transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(14) Leases

The Group 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 Group 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 Group 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 Group 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 Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

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

At the commencement date, the Group 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 Group 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 Group 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 Group measures the lease liability on an amortised 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 Group 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 Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group 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 Group 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 Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Group 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.

Group as a lessor

At inception of a contract, the Group 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 Group 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 Group allocates the consideration in the contract applying IFRS 15.

The Group 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.

(15) 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.

Computer software

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

(16) Impairment of non-financial assets

The Group 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 Group 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 Group 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.

(17) Provisions

Provisions are recognized when the Group 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 Group 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.

(18) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

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 Group's sale of goods is from 30 to 165 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group 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 Group 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 Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(19) 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.

(20) 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.

(21) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries 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 and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries 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. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

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 Group 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.

(22) 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:

(a) 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
(b) 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:

(a) 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
(b) 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 Group 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.

Mulititex Ployblend co., LTD.、Polytech Global Limited、Cleated Molding Global Limited、Ever Power Services Trading Limited、New Fortune Enterprises Limited、Fantastic Business International Co., Ltd and Extra Achievement Group Ltd. Income from offshore operations is exempt from income tax under local tax laws.

In accordance with the “Enterprise Income Tax Law of the People's Republic of China”, the corporate income tax rate for Pontex (Q. Y) Co. is at 25%.

VietNam Bang Thai Polyblend Co., Ltd. is subject to a preferential corporate income tax rate of 15% for 12 years after the commencement of business activities and 20% for the remaining years under the local corporate income tax law. Corporate income tax is exempted for three years from the commencement of taxable income and reduced by half for the following seven years.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group’s consolidated financial statements require management to make judgements, 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.

(a) 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 flows 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.

(b) 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 and changes of thefuture salary etc. Please refer to Note 6 for a detailed description of the assumptions used to measure the defined benefit cost and the defined benefit obligation.

(c) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

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

Deferred tax assets are recognized for all carryforward 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.

(d) Trade receivables–estimation of impairment loss

The Group estimates the impairment loss of trade 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.

(e) 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	$1,252	$1,543
Cheque deposits	1,688	951
Demand deposits	148,454	109,652
Total	$151,394	$112,146

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

As at 31 December 2022 and 2021, restricted bank deposits amounting to NT$30,787 thousand and NT$31,318 thousand, respectively, were classified under other financial assets - current.

Please refer to note 8 for other financial assets - current under pledge.

(2) Notes receivables

	As of 31 December	
	2022	2021
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	
	2022	2021
Acounts receivables	$226,933	$283,648
Less: loss allowance	(830)	(3,855)
Total	$226,103	$279,793

Accounts receivables were not pledged.

Accounts receivables are generally on 30-165 day terms. The total receivables of carrying amount are $226,933 and $283,648 as of December 31, 2022 and 2021, respectively. Please refer to Note 6.13 for more details on loss allowance of accounts receivables for the year periods ended December 2022 and 2021. Please refer to Note 12 for more 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.

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

(4) Inventories

	As of 31 December	
	2022	2021
Raw materials	$214,864	$205,569
Work in progress	5,809	7,990
Finished goods	53,520	63,550
Merchandise	329	2,119
Inventory in transit	2,784	2,159
Total	$277,306	$281,387

The cost of inventories recognized in cost of goods sold including the write-down of inventories for 2022 and 2021 are as follows:

	For the years ended 31 December	
	2022	2021
Cost	$907,235	$1,168,897
Write-down of inventories	3,255	2,310

Inventories were not pledged.

(5) Property, plant and equipment

	Land and land Improvements	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress	Total
Cost:								
As of January 2022	$353,545	$615,166	$244,309	$13,078	$11,869	$186,486	$ -	$1,424,453
Additions	-	160	7,976	344	-	1,673	5,975	16,128
Disposals	-	(761)	(3,015)	(863)	-	-	-	(4,639)
Reclassification	-	-	-	-	-	-	(5,975)	(5,975)
Exchange differences	-	8,032	4,374	241	79	2,120	-	14,846
As of December 2022	$353,545	$622,597	$253,644	$12,800	$11,948	$190,279	$ -	$1,444,813

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

	Land and land Improvements	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress	Total
Depreciation and impairment:								
As of January 2022	$ -	$331,026	$166,986	$11,767	$8,422	$155,610	$ -	$673,811
Depreciation and impairment:	-	19,012	18,298	761	1,245	9,304	-	48,620
Disposals	-	(587)	(3,015)	(863)	-	-	-	(4,465)
Exchange differences	-	1,286	1,857	217	50	1,032	-	4,442
As of December 2022	$ -	$350,737	$184,126	$11,882	$9,717	$165,946	$ -	$722,408
Cost:								
As of January 2021	$353,545	$625,340	$264,660	$13,082	$11,966	$186,746	$ -	$1,455,339
Additions	-	104	12,518	336	-	3,764	3,289	20,011
Disposals	-	-	(30,084)	-	-	(1,260)	-	(31,344)
Exchange differences	-	-	3,038	-	-	251	(3,289)	-
Exchange differences	-	(10,278)	(5,823)	(340)	(97)	(3,015)	-	(19,553)
As of December 2021	$353,545	$615,166	$244,309	$13,078	$11,869	$186,486	$ -	$1,424,453
Depreciation and impairment:								
As of January 2021	$ -	$313,073	$181,136	$11,012	$7,233	$148,413	$ -	$660,867
Depreciation and impairment:	-	19,226	8,861	989	1,237	9,228	-	39,541
Disposals	-	-	(21,288)	-	-	(1,071)	-	(22,359)
Exchange differences	-	(1,273)	(1,723)	(234)	(48)	(960)	-	(4,238)
As of December 2021	$ -	$331,026	$166,986	$11,767	$8,422	$155,610	$ -	$673,811
Net carrying amount:								
31 December 2022	$353,545	$271,860	$69,518	$918	$2,231	$24,333	$ -	$722,405
31 December 2021	$353,545	$284,140	$77,323	$1,311	$3,447	$30,876	$ -	$750,642

As of 31 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.

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

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

	For the years ended 31 Decembe	
	2022	2021
Accumulated impairment at the beginning of the period	$(50,692)	$(59,519)
Reversal for the period	174	8,796
Effect of exchange rate	(41)	31
Accumulated impairment at the end of the period	$(50,559)	$(50,692)

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

(6) Investment property

Investment property comprises only the Group's owned investment property.

	Buildings
Cost：	
As of January 2022	$65,194
Exchange differences	975
As of December 2022	$66,169
Depreciation and impairment：	
As of January 2022	$6,791
Depreciation	3,318
Exchange differences	92
As of December 2022	$10,201
Cost：	
As of January 2021	$65,209
Exchange differences	(15)
As of December 2021	$65,194

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

	Buildings
Depreciation and impairment：	
As of January 2021	$3,532
Depreciation	3,249
Exchange differences	10
As of December 2022	$6,791
Net carrying amount:	
31 December 2022	$55,968
31 December 2021	$58,403

Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of investment properties held by the Group as at 19 January 2022, as assessed by an independent external appraiser, was $261,547 thousand. The Company's management assessed the fair value of investment property and there were no significant changes as at 31 December 2022.

(7) Other non-current assets

	As of 31 December	
	2022	2021
Overdue receivables	$296,485	$271,374
Less: loss allowance (overdue receivables)	(293,735)	(271,374)
Long-term receivables	-	24,362
Less: loss allowance (long-term receivables)	-	(17,089)
Advance payments in equipments	73	1,376
Refundable deposits	671	1,090
Other non-current assets	350	350
Total	$3,844	$10,089

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

(8) Short-term borrowings

	As of 31 December	
	2022	2021
Secured bank loans	$427,749	$452,453

	As of 31 December	
	2022	2021
Unused short-term lines of credits	$201,359	$84,768

Interest Rates (%):

	For the years ended 31 December	
	2022	2021
Secured bank loans	2.04%~5.25%	1.95%~2.65%

Please refer to Note 8 for more details on other financial assets and property, plant and equipment pledged as security for short-term borrowings.

(9) Long-term borrowings

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

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.

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

Lenders	As of 31 December 2022	Interest Rate (%)	Maturity date and terms of repayment
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	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		

Lenders	As of 31 December 2022	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.

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

Lenders	As of 31 December 2022	Interest Rate (%)	Maturity date and terms of repayment
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 Group adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Group has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries in China are required by the local government to contribute a certain percentage of the total salaries of their employees to the pension insurance fund, which is paid to the relevant government departments and deposited in a separate account for each employee.

Other foreign subsidiaries of the Group contribute pensions to the relevant pension management business in accordance with local laws and regulations.

The Group recognized $2,369 thousand and $2,515 thousand of expenses for the defined contribution plan for the years ended 31 December 2022 and 2021, respectively.

Defined benefits plan

The Group 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 Group 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 Group assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions on the assumption that workers meeting retirement terms will be retiring within the coming year, the Group shall make one-time contribution to the fund to eliminate the difference before the end of March in 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 mandate, 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 Group expects to contribute $302 to its defined benefit plan during the 12 months beginning after 31 December 2022.

The average duration of the defined benefits plan obligation as at 31 December 2022, was 6 years.

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

Pension costs recognized in profit or loss are as follows:

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

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

	As of		
	31 December 2022	31 December 2021	31 January 2021
Present value of defined benefit obligations	$11,026	$12,669	$13,283
Fair value of planned assets	(14,087)	(14,304)	(14,982)
Carrying amount of other non-current liabilities - net defined benefit (asset) liabilities	$(3,061)	$(1,635)	$(1,699)

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

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As of 1 January 2021	$13,283	$(14,982)	$(1,699)
Current period service costs	-	-	-
Net interest expense (income)	55	(62)	(7)
Subtotal	13,338	(15,044)	(1,706)
Remeasurement of defined benefit liabilities/assets.			
Actuarial gains and losses arising from changes in demographic assumptions	19	-	19

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

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
Actuarial gains and losses arising from changes in financial assumptions	(245)	-	(245)
Experience adjustments	819	(208)	611
Subtotal	593	(208)	385
Benefits paid	(1,262)	1,262	-
Contributions by employer	-	(314)	(314)
As of 31 December 2021	$12,669	$(14,304)	$(1,635)
Current period service costs	-	-	-
Net interest expense (income)	85	(96)	(11)
Subtotal	12,754	(14,400)	(1,646)
Remeasurement of defined benefit 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)
Benefits paid	(1,770)	1,770	-
Contributions by employer	-	(303)	(303)
As of 31 December 2022	$11,026	$(14,087)	$(3,061)

The following significant actuarial assumptions are used to determine the defined benefit obligation:

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

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

Sensitivity analysis for each significant assumption:

	For the years ended 31 December			
	2022		2021	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	$ -	$342	$ -	$439
Discount rate decrease by 0.5%	374	-	514	-
Future salary increase by 0.5%	375	-	511	-
Future salary decrease by 0.5%	-	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.

The methods and assumptions for preparing sensitivity analyses was consistent with those in the prior fiscal period.

(11) Equities

(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. 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.

(e) Retained earnings and dividend policies

According to the Company’s 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 is in line with its profitability, capital structure, and future operational needs. The Company aims to allocate not less than 10% of the distributable profits to distribute dividends to shareholders each year. However, if the dividend per share calculated based on the distributable profits is less than NT$0.5, it may not be distributed. Shareholder dividends may be distributed in cash or in the form of stocks, but the maximum limit for stock dividends is 10% of the total dividend amount.

In accordance with theFinancial-Supervisory-Securities-Corporate-1090 150022 issued by the FSC on March 31, 2021, 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.

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

Details of the 2021 and 2020 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:

	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 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	$1,079,677	$1,379,203

Analysis of revenue from contracts with customers during 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 Material Business Department	Total
Sale of goods	$278,675	$801,002	$1,079,677

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

For the year ended 31 December 2021:

	Equipment Business Department	Compound Material Business Department	Total
Sale of goods	$243,653	$1,135,550	$1,379,203

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

B. Contract balance

Contract liabilities – current (Classified as other current liabilities)

	As of		
	31 Decemder 2022	31 Decemder 2021	1 January 2021
Sales of goods	$1,714	$2,019	$7,032

The Group's balance of contract liabilities for the years ended 31 December 2022 and 2021 decreased because most of the performance obligations have been fulfilled.

The significant changes in the Group's balances of contract liabilities for the tyears ended 31 December 2022 and 2021 are as follows:

	For the years ended 31 December	
	2022	2021
(Decrease) increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	$(305)	$(5,013)

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

(13) Expected credit (loss) gains

	For the years ended 31 December	
	2022	2021
Operating expenses – Expected credit (loss) gains		
Account receivables	$750	$2,645
Overdue receivables	-	2,221
Long-term receivables	1,482	7,435
Subtotal	2,232	12,301
Non-operating income and expenses - expected credit losses/(gains)		
Other receivable	-	1,410
Total	$2,232	$13,711

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

The Group measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 31 December 2022, 31 December 2021 are as follows:

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	$237,455	$2,835	$1	$3	$168	$1,126	$241,588
Loss rate	0.2%	- %	- %	5%	5%	100%	
Lifetime expected credit losses	(611)	-	-	-	-	(1,126)	(1,737)
Net carrying amount	$236,844	$2,835	$1	$3	$168	$ -	$239,851

Group 2：None

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

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	$256,446	$33,242	$6,856	$ -	$ -	$1,110	$297,654
Loss rate	- %	- %	- %	5%	5%	100%	
Life time expected credit loss	(611)	-	-	-	-	(1,110)	(1,721)
Net carrying amount	$255,835	$33,242	$6,856	$ -	$ -	$ -	$295,933

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
Loss rate	-	-	-	-	-	(20,130)	(20,130)
Life time expected credit loss	$ -	$ -	$ -	$ -	$ -	$14,783	$14,783

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

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

	Note receivables	Trade receivables	Overdue receivable	Long-term receivables
As of 1 January 2022	$907	$3,855	$271,374	$17,089
Addition for the current period	-	750	-	1,482
Reclassification	-	(3,790)	22,361	(18,571)
Exchange difference	-	15	-	-
As of 31 December 2022	$907	$830	$293,735	$ -
As of 1 January 2021	$907	$4,002	$266,363	$9,654
Addition for the current period	-	2,645	2,221	7,435
Reclassification	-	(2,790)	2,790	-
Exchange difference	-	(2)	-	-
As of 31 December 2021	$907	$3,855	$271,374	$17,089

(14) Leases

A. The Group is a lessee

The Group leases various properties, including land, buildings, transportation equipment and other equipment. The lease terms range from 20 to 39 years.

The impact of Group’s leases on the financial position, financial performance and cash flows is as follows:

(a) Amounts recognized in the balance sheet

Right-of-use asset

	As of 31 December	
	2022	2021
Land	$156,293	$156,984

There has been no addition to the Group's right-to-use assets for the years ende 31 December 2022 and 2021.

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

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2022	2021
Land	$4,627	$4,524

(c) Income and costs relating to leasing activities

	For the years ended 31 December	
	2022	2021
The expenses relating to short-term leases	$623	$380

(d) Cash outflow relating to leasing activities

The Group's total cash outflow from leases amounted to $623 thousand and $380 thousand for the years ended 31 December 2022 and 2021.

B. Group as a lessor

Please refer to Note 6.10 for details on the Group’s owned investment properties and investment properties held by the Group as right-of-use assets. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended 31 December	
	2022	2021
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$8,347	$4,804

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

(15) Summary statement of employee benefits, depreciation and amortization expenses by function:

Function / Nature	For the years ended 31 December					
	2022			2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$60,413	$46,659	$107,072	$49,330	$45,421	$94,751
Labor and health insurance	6,315	3,712	10,027	5,013	3,769	8,782
Pension	678	1,680	2,358	685	1,823	2,508
Other employee benefits	3,074	1,418	4,492	3,015	1,565	4,580
Depreciation	32,839	23,900	56,739	31,844	24,266	56,110
Amortization	3	139	142	-	124	124

The number of employees for Company and its subsidiaries were 277 and 250 as of 31 December 2022 and 2021.

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 the period ended 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. As such, employees’ compensation and remuneration to directors and supervisors for the year ended of 31 December 2022 amount to $1,862 thousand and $1,040 thousand, respectively. A resolution was passed at a Board of Directors meeting held on 9 March 2023 to distribute $1,862 thousand and $1,040 thousand in cash as employees’ compensation and remuneration to directors and supervisors of 2022, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2022.

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	
	2022	2021
Financial assets measured at amortized cost	$630	$179

B. Other income

	For the years ended 31 December	
	2022	2021
Government grant	$4,815	$7,645
Rental income	8,347	4,804
Sample income	4,042	1,589
Others	2,689	2,996
Total	$19,893	$17,034

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

C. Other gains and loss

	For the years ended 31 December	
	2022	2021
(Loss) gains on disposal of property, plant and equipment	$(174)	$(8,065)
Foreign exchange gains, net	6,592	(4,129)
Reversal of gain on impairment of non-financial assets	174	8,796
Processing fee expenses	(1,625)	(1,673)
Miscellaneous expenses	(824)	(514)
Total	$4,143	$(5,585)

D. Finance costs

	For the years ended 31 December	
	2022	2021
Interest on bank loans	$19,255	$18,236
Interest on lease liabilities	-	-
Total	$19,255	$18,236

(17) Components of other comprehensive income

(a) For the year ended 31 December 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax effect	Other comprehensive income (loss), net of tax
Items not to be reclassified to profit or loss subsequently:					
Remeasurement of defined benefit plans	$1,112	$ -	$1,112	$(222)	$890
Items that may be reclassified to profit or loss subsequently:					
Exchange differences resulting from translating the financial statements of a foreign operation	25,950	-	25,950	-	25,950
Total of other comprehensive income	$27,062	$ -	$27,062	$(222)	$26,840

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

(b) For the year ended 31 December 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax effect	Other comprehensive income (loss), net of tax
Items not to be reclassified to profit or loss subsequently:					
Remeasurement of defined benefit plans	$(385)	$ -	$(385)	$77	$(308)
Items that may be reclassified to profit or loss subsequently:					
Exchange differences resulting from translating the financial statements of a foreign operation	(27,388)	-	(27,388)	(3,942)	(31,330)
Total of other comprehensive income	$(27,773)	$ -	$(27,773)	$(3,865)	(31,638)

(18) Income tax

For the year ended 31 December 2022 and 2021 the major components of income tax (expense) benefit are as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2022	2021
Current income tax (expense) benefit:		
Current income tax charge	$(2,248)	$(693)
Adjustments in respect of current income tax of prior periods	5,130	6,219
Deferred tax (expense) benefit:		
Deferred tax (expense) benefit relating to origination and reversal of temporary differences	524	589
Total income tax (expense) benefit	$3,406	$6,115

(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 income tax (expense) benefit:		
Exchange differences resulting from translating the financial statements of a foreign operation	$ -	$3,942
Actuarial gains and losses on defined benefit plans	(222)	(77)
Income tax relating to components of other comprehensive income	$(222)	$3,865

Reconciliation between tax expense (benefit) and accounting profit at the Company's applicable tax rates is as follows:

	For the years ended 31 December	
	2022	2021
Accounting profit before tax from continuing operations	$23,950	$37,349
At the Company's statutory income rate	$(4,789)	$(7,470)
Tax effect of different tax rates applied to individual entities operating in other tax jurisdictions	(2,629)	(948)
Tax effect of non-deductible expenses	(108)	(1,193)
Unrecognized tax losses / deductible temporary differences	5,802	9,507
Adjustments in respect of current income tax of prior periods	5,130	6,219
Total income tax income recognized in profit or loss	$ 3,406	$6,115

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

Significant components of deferred tax assets (liabilities) are as follows:

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 difference				
Loss from price 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 resulting from translating the financial statements of a foreign operation	-	-	-	-
Net defined benefit liabilities - non-current	624	(63)	-	561
Actuarial gains and losses on defined benefits	(952)	-	(222)	(1,174)
Unrealized intra-group transactions	(69)	128	-	59
Deferred income tax benefit /(expense)		$524	$(222)	
Net deferred income tax assets/(liabilities)	$3,104			$3,406
Balances on 31 December 2021:				
Deferred tax assets	$15,422			$15,962
Deferred tax liabilities	$(12,318)			$(12,556)

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

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 difference				
Loss from price 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 resulting from translating the financial statements of a foreign operation	3,942	-	(3,942)	-
Net defined benefit liabilities - non-current	688	(64)	-	624
Actuarial gains and losses on defined benefits	(1,029)	-	77	(952)
Unrealized intra-group transactions	(115)	46	-	(69)
Deferred income tax benefit /(expense)		$589	$(3,865)	
Net deferred income tax assets/(liabilities)	$6,380			$3,104
Balances on 31 December 2021:				
Deferred tax assets	$19,264			$15,422
Deferred tax liabilities	$(12,884)			$(12,318)

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

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

Year	Unused tax loss as of 31 December 2022	Unused tax loss as of 31 December 2021	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, deferred tax assets that have not been recognized amount to NT$130,308 thousand and NT$150,014 thousand, respectively.

The assessment of income tax returns

As of 31 December 2022, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Approved up to 2019
Subsidiary -Pontex(Q.Y) Polyblend Co.,Ltd	Assessed up to 2021
Subsidiary -VietNam Bang Thai Polyblend Co.,Ltd	Assessed up to 2021

(19) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the years 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 (loss) income attributable to the parent company (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
Basic (loss) earnings per share (NTD)	$0.32	$0.52

	For the years ended 31 December	
	2022	2021
Diluted earnings per share		
Net (loss) income attributable to the parent company (in thousands of NTD)	$27,356	$43,464
Net (loss) 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

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

The calculation of the Company's diluted earnings (loss) per share is consistent with the calculation of basic earnings (loss) 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

(1) 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 Group pledged as security:

Items	Carrying amount As of 31 December 2022	Carrying amount As of 31 December 2021	Secured liabilities
Other current financial assets	$30,787	$31,318	Short-term loans
Property, plant and equipment - land and buildings	384,374	386,459	Long and short-term loans
Total	$415,161	$417,777	

9. Significant contingencies and unrecognized contractual commitments

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

(2) 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.

(3) 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. Other

(1) Categories of financial instruments

Financial assets

	As of 31 December	
	2022	2021
Financial assets measured at amortized cost (Note)	$460,102	$449,407

Financial liabilities

	As of 31 December	
	2022	2021
Financial liabilities at amortized cost:		
Short-term loans	$427,749	$452,453
Trade and other payables	67,573	92,135
Long-term borrowings (including current portion)	331,250	380,993
Total	$826,572	$925,581

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

The Group 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 Group 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, interest rate risk and other price risk (such as equity risk).

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

Foreign currency risk

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

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

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. 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 Group.

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

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

When NTD strengthens/weakens against USD by 1%, the impact on the profit and equity on the Group is as follows:.

	Equity (loss)	Profit / loss
For the years ended 31 December 2022	$ -	$944
For the years ended 31 December 2021	-	$784

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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments 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 twelve months periods ended 31 December 2022 and 2021 to decrease by NT$759K and NT$833K, 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 Group is exposed to credit risk from operating activities (primarily for trade 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 Group'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 Group'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 31 December 2021 trade receivables from top ten customers represent 61% and 56% of the total trade receivables of the Group, respectively. The credit concentration risk of other trade receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group 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 Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds. The table below summarizes the maturity profile of the Group'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 liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 31 December 2022					
Long and short-term loans	$512,570	$262,314	$7,120	$ -	$782,004
Trade and other payables	67,573	-	-	-	67,573
As of 31 December 2021					
Long and short-term loans	$517,934	$146,141	$193,053	$ -	$857,128
Trade and other payables	92,135	-	-	-	92,135

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term loans	Long-term loans (including current portion)	Total liabilities from financing activities
As of 1 January 2022	$452,453	$380,993	$833,446
Cash flows	(26,187)	(49,743)	(75,930)
Non-cash changes	1,483	-	1,483
As of 31 December 2022	$427,749	$331,250	$758,999

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term loans	Long-term loans (including current portion)	Total liabilities from financing activities
As of 1 January 2021	$388,235	$449,135	$837,370
Cash flows	66,182	(72,288)	(6,106)
Non-cash changes	(1,964)	4,146	2,182
As of 31 December 2021	$452,453	$380,993	$833,446

(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 Group to measure or disclose the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and cash equivalents, trade 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 Group'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 Group.

(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

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

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

B. Fair value measurement hierarchy of the Group's assets and liabilities

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

As of 31 December 2022: None.
As of 31 December 2021: None.

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2022 and 2021, there were no re-classifications between Level 1 and Level 2 fair value measurements.Significant assets and liabilities denominated in foreign currencies

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

Unit: NT$ thousands

	As at 31 December 2022			As at 31 December 2021		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary items:						
USD	$3,798	30.715	$116,656	$3,688	27.680	$102,084
CNY	18,525	4.409	81,677	21,248	4.344	92,301
Financial liabilities						
Monetary items:						
USD	$723	30.715	$22,207	$855	27.680	$23,666
CNY	3,886	4.409	17,133	4,140	4.344	17,984

The Group 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 Group recognized NT$6,592 thousand and NT$(4,129) thousand for foreign exchange profit (loss) 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 Group’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 Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. <u>Other disclosure</u>

(1) Information at significant transactions

A. Financing provided:

No.	Financing Company	Counterparty	Financial Statement Account	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)	Maximum balance for the period
													Item	Value		
1	VietNam Bang Thai Polyblend Co.,Ltd	PONTEX POLYBLEND CO.,LTD	Account receivables – related parties	Y	$23,061	$-	$ -	0%	2	$ -	Operating capital	$ -	N	$ -	$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.

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

B. Endorsement/Guarantee provided:

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										
1	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 at end of the period 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 capital stock for the period: None.

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

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

G. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the period:

Company name (Note)	Related party	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 (receivable)/ payable	
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 the capital stock as at end of the period: None.

I. Financial instruments and derivative transactions: None

J. The business relationship, significant transactions and amounts between parent company and subsidiaries:

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%

PONTEX POLYBLEND CO., LTD. AND SUBSIDIARIES (Continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(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	VietNam Bang Thai Polyblend Co.,Ltd	1	Purchase	$137,394	-	12.73%
0	The company	VietNam Bang Thai Polyblend Co.,Ltd	1	Accounts payable	$82,567	-	4.80%
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	-	4.80%

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:

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 2021 (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	nvestment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Carrying value			
The company	Mulitex 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 sub-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.

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

(3) Information on investments in mainland China

(a) Investment in Mainland China:

(In Thousands of New Taiwan Dollars)

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 parts thereof, shoes, shoe materials and parts thereof, 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：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.

Accumulated investment in Mainland China as of 31 December 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
		The parent company’s net account values × 60%
$193,174 (USD6,000,020)	$511,240 (USD17,081,509)	502,721

(b) Directly or indirectly significant transactions including the prices, payment term and unrealized gain or loss through third regions with the investees in Mainland China:

I. 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).

II. 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).

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

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

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

VI. 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 held	Percentage of ownership (%)
HENRY GLOBAL INVEST MENT CO., LTD.	5,000,000	5.93%

14. Segment information

For management purposes, the Group is organized into business units based on their products and services and has two reportable operating segments as follows:

Equipment Business Segment: This segment is responsible for the manufacturing and processing of various plastic injection mouldings (shoe soles and parts, sports equipment and parts).

Compound Materials Business Segment: The segment is responsible for the manufacture, processing and trading of engineering plastic materials (glass/fire resistant compounds, nylon 6 and nylon 66 cold impact resistant materials and plastic compounds for fire resistant materials).

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm’s length basis in a manner similar to transactions with third parties.

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

(1)Information on reportable segment profit or loss and assets and liabilities

Period ended 31 December 2022

	Equipment Business Segment	Compound Materials Business Segment	Subtotal	Other operating segments	Adjustment and elimination	Consolidated
Revenue						
External customer	$278,675	$801,002	$1,079,677	$ -	$ -	$1,079,677
Inter-segment	186,943	3,759	190,702	-	(190,702)	-
Total revenue	$465,618	$804,761	$1,270,379	$ -	$(190,702)	$1,079,677
Interest expense	(1,295)	(17,960)	(19,255)	-	-	(19,255)
Depreciation and impairment	(23,767)	(32,170)	(55,937)	-	(944)	(56,881)
Segment profit	$98,839	$(19,175)	$79,664	$ -	$(55,714)	$23,950
Assets						
Capital expenditure on non-current assets	(4,843)	(6,210)	(11,053)	(757)	-	(11,810)
Segment assets	$1,170,809	$952,433	$2,123,242	$494,625	$(896,828)	$1,721,039
Segment liabilities	$193,512	$193,393	$386,905	$646,384	$(150,119)	$883,170

Period ended 31 December 2021

	Equipment Business Segment	Compound Materials Business Segment	Subtotal	Other operating segments	Adjustment and elimination	Consolidated
Revenue						
External customer	$243,653	$1,135,550	$1,379,203	$ -	$ -	$1,379,203
Inter-segment	153,708	4,348	158,056	-	(158,056)	-
Total revenue	$397,361	$1,139,898	$1,537,259	$ -	$(158,056)	$1,379,203
Interest expense	(1,304)	(16,932)	(18,236)	-	-	(18,236)
Depreciation and impairment	(22,389)	(32,789)	(55,178)	-	(1,056)	(56,234)
Segment profit	$33,117	$37,959	$71,076	$ -	$(33,727)	$37,349
Assets						
Capital expenditure on non-current assets	(7,137)	(11,499)	(18,636)	(172)	-	(18,808)
Segment assets	$1,267,078	$821,371	$2,088,449	$520,501	$(841,206)	$1,767,744
Segment liabilities	$167,323	$302,134	$469,457	$630,768	$(116,154)	$984,071

[1] Inter-segment revenue are eliminated on consolidation and recorded under the “adjustment and elimination” column, all other adjustments and eliminations are disclosed below.

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

(2)Geographic information

(i) The Group's external sales are listed as follows:

	For the years ended 31 December	
	2022	2021
China	$351,477	$343,253
Taiwan	466,176	610,631
United States	98,252	238,504
Other	163,772	186,815
Total	$1,079,677	$1,379,203

Sales by region are grouped based on the regions where the customers are located at.

(ii) Non-current asset:

	As of 31 December	
	2022	2021
Taiwan	$482,969	$516,460
China	253,699	269,652
Other	202,093	190,235
Total	$938,761	$976,347

Non-current assets do not include deferred income tax assets and net defined benefit assets - non-current.

(3)Information about major customers

The Group's revenue from sales to a single customer as a percentage of net operating revenue of more than 10% for the years ended 31 December 2022 and 2021 is as follows:

	For the years ended 31 December			
	2022		2021	
Customer name	Net sales	%	Net sales	%
Company A	$146,269	13.55%	$238,504	17.29%
Company B	119,692	11.09%	196,189	14.22%