GLOBE INDUSTRIES CORPORATION
AND SUBSIDIARIES CONSOLIDATED
FINANCIAL STATEMENTS WITH REPORT
OF INDEPENDENT AUDITORS
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

Headquarters Address: 7F., No. 61, Sec. 3, Nanjing E. Rd., Songshan Dist., Taipei City 104507, Taiwan
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REPRESENTATION LETTER

English Translation of the Representation Letter Originally Issued in Chinese

The companies that are required to be included in the combined financial statements of Globe Industries Corporation as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 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, Globe Industries Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Globe Industries Corporation.

By

Jun Ding Investment Co., Ltd.
Representative: Te-Chao Chang
Chairman
March 14, 2023

English Translation of the Independent Auditors' Report Originally Issued in Chinese

Report of Independent Auditors

To Globe Industries Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Globe Industries Corporation and its subsidiaries ("the Company") 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 the notes to the consolidated financial statements including the summary of significant accounting policies (collectively referred to "the consolidated financial statements").

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022 and 2021 and its 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 (" IFRSs"), International Accounting Standards (" IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee (" IFRIC") or the former Standing Interpretations Committee ("SIC") as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit 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 Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Republic Accountant of the Republic of China ("the Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit for the year 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.

Allowance for losses on receivables

The book value of accounts receivables (including related parties) and provision for losses of the Company on December 31, 2022, was NT$178,739 thousand and NT$506 thousand respectively.
The net receivables (including related parties) accounted for 15% of total assets, which is significant for this financial statement. Since the provision for loss of accounts receivable is based on the expected credit loss during the measurement process, it is necessary to properly distinguish groups of accounts receivable, and judge the application of relevant assumptions in the analysis and measurement process, including the appropriate aging area and the consideration of the loss rate of each aging area, based on the fact that the measurement of expected credit losses involves judgment, analysis and estimation, and the measurement results affect the net receivables, therefore, the accountant identified it as a key audit item. The verification procedures performed by the accountant include but are not limited to: Confirmation of appropriate grouping of customers with significantly different loss patterns; test the prepared matrix, including assessing whether the decision of each aging interval is reasonable, and check the correctness of the original certificate based on the basic information, test the statistical information related to the loss rate calculated by rolling rate for one year; consider the rationality of prior information included in the loss rate assessment; assess whether such forward-looking information affects the loss rate. In addition, an analytical review process is implemented to assess whether there are any major abnormalities in the comparative changes in the turnover of receivables between the two periods. For customers with large receivable balances at the end of the period, review the collection status of receivables after the due date to evaluate the recoverability of receivables. The accountant also considered the appropriateness of the disclosure of receivables in Note 5, Note 6(4), Note 6(5), and Note 6(11) of the consolidated financial statements.

Inventory evaluation

The net inventory of the Company on December 31, 2022 was NT$199,532 thousand, accounting for 17% of the total assets, which is significant to the financial statements. Because the Company belongs to a mature industry, the price competition among the same industry is intense, which affects the sales volume and its selling price, leading to the possibility of inventory price decline and sluggishness, and the estimation of inventory allowance for price decline and sluggishness is a major judgment of the management. Therefore, the accountant decided that it was a key audit item. The accountant's inspection procedures include but are not limited to: understand the internal control system established by the management for inventory evaluation management; carry out on-the-spot inspection of inventory at the end of the period and check whether the provision for sluggishness has been listed according to the stock. Sampling and checking the relevant purchase and sales certificates for the management to assess the net realizable value of the inventory to verify the net realizable value adopted by the management; select samples to verify the correctness of the inventory age and recalculate the provisioning amount according to the age of the inventory; and perform analytical review to evaluate and compare whether the difference between the periods is reasonable. The accountant also considered the appropriateness of the disclosure of inventories in note 5 and Note 6(6) of the consolidated 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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 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 Matter

We have audited and expressed an unqualified opinion with 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.

English translation of consolidated financial statements originally issued in Chinese

GLOBE INDUSTRIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2022 and December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of			
		December 31, 2022	%	December 31, 2021	%
Current assets					
Cash and cash equivalents	4,6(1)	$262,709	22	$225,429	18
Current financial assets at fair value through profit or loss	4,6(2)	134,164	12	123,973	10
Notes receivable, net	4,6(4)	32,045	3	40,845	3
Accounts receivable, net	4,6(5)	146,188	12	179,512	15
Other receivables		2,956	-	1,909	-
Inventories	4,6(6)	199,532	17	255,370	21
Prepayments		17,990	2	28,973	2
Other current assets		763	-	1,263	-
Total current assets		796,347	68	857,274	69
Non-current assets					
Non-current financial assets at amortized cost	4,6(3),8	20,176	2	20,174	2
Property, plant and equipment	4,6(7),8	340,111	29	347,047	28
Right-of-use assets	4,6(12),7	4,362	-	3,464	-
Intangible assets	4	642	-	330	-
Deferred tax assets	4,6(16)	4,124	-	6,395	-
Other non-current assets		10,647	1	10,629	1
Total non-current assets		380,062	32	388,039	31
Total assets		$1,176,409	100	$1,245,313	100

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

English translation of consolidated financial statements originally issued in Chinese

GLOBE INDUSTRIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

December 31, 2022 and December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of			
		December 31, 2022	%	December 31, 2021	%
Current liabilities					
Current contract liabilities	4,6(10)	$68	-	$59	-
Notes payable		85,424	7	130,165	11
Accounts payable		31,377	3	54,617	5
Other payables		59,304	5	53,888	4
Current tax liabilities	4,6(16)	17,847	2	15,922	1
Current lease liabilities	4,6(12),7	2,784	-	1,377	-
Other current liabilities		12,633	1	12,741	1
Total current liabilities		209,437	18	268,769	22
Non-current liabilities					
Deferred tax liabilities	4,6(16)	-	-	15	-
Non-current lease liabilities	4,6(12),7	527	-	1,028	-
Net defined benefit liabilities, non-current	4,6(8)	12,094	1	26,140	2
Deposit received		400	-	200	-
Other non-current liabilities		359	-	121	-
Total non-current liabilities		13,380	1	27,504	2
Total liabilities		222,817	19	296,273	24
Equity attributable to owners of the parent					
Share capital					
Ordinary share	6(9)	751,219	64	751,219	60
Capital surplus	6(9)				
Capital surplus, others		867	-	867	-
Retained earnings	4,6(9)				
Legal reserve		160,850	14	160,727	13
Special reserve		24,324	2	22,378	2
Unappropriated retained earnings		37,283	3	38,173	3
Total retained earnings		222,457	19	221,278	18
Other equity		(20,951)	(2)	(24,324)	(2)
Total equity		953,592	81	949,040	76
Total liabilities and equity		$1,176,409	100	$1,245,313	100

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

English translation of consolidated financial statements originally issued in Chinese

GLOBE INDUSTRIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

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

Item	Notes	For the years ended			
		December 31, 2022	%	December 31, 2021	%
Operating revenue	4,6(10),7	$983,017	100	$1,076,840	100
Operating costs	4,6(13),7	(829,229)	(84)	(911,734)	(85)
Gross profit from operations		153,788	16	165,106	15
Operating expenses	6(12)(13),7				
Selling expenses		54,754	6	58,810	5
Administrative expenses		83,072	8	78,539	7
Research and development expenses		14,639	2	16,462	2
Impairment loss determined in accordance with IFRS 9	4,6(11)	418	-	1,186	-
Total operating expenses		152,883	16	154,997	14
Net operating income		905	-	10,109	1
Non-operating income and expenses					
Other income	4,6(14)	6,251	1	1,346	-
Other gains and losses	4,6(14)	5,678	-	(2,527)	-
Finance costs	4,6(14),7	(64)	-	(119)	-
Total non-operating income and expenses		11,865	1	(1,300)	-
Income before income tax		12,770	1	8,809	1
Income tax expense	4,6(16)	(7,967)	(1)	(8,174)	(1)
Income from continuing operations		4,803	-	635	-
Net Income		4,803	-	635	-
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss:					
Gains on remeasurements of defined benefit plans	4,6(15)	14,249	2	741	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	4,6(15)(16)	(2,849)	-	(148)	-
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translation	4,6(15)	3,373	-	(1,946)	-
Total other comprehensive income (after tax)		14,773	2	(1,353)	-
Total comprehensive income		$19,576	2	$(718)	-
Income, attributable to:					
Income, attributable to owners of the parent		$4,803		$635	
Comprehensive income attributable to:					
Comprehensive income, attributable to owners of the parent		$19,576		$(718)	
Earnings per share (in dollars)	6(17)				
Basic earnings per share		$0.06		$0.01	
Diluted earnings per share		$0.06		$0.01	

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

English translation of consolidated financial statements originally issued in Chinese

GLOBE INDUSTRIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Equity attributable to owners of the parent						Total equity
			Retained earnings			Other equity	
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	
Balance on January 1, 2021	$751,219	$867	$159,044	$18,915	$64,628	$(22,378)	$972,295
Appropriation and distribution of 2020 earnings:							
Legal reserve appropriated	-	-	1,683	-	(1,683)	-	-
Special reserve appropriated	-	-	-	3,463	(3,463)	-	-
Cash dividends of ordinary share	-	-	-	-	(22,537)	-	(22,537)
Net Income for the year ended December 31, 2021	-	-	-	-	635	-	635
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	593	(1,946)	(1,353)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	1,228	(1,946)	(718)
Balance on December 31, 2021	$751,219	$867	$160,727	$22,378	$38,173	$(24,324)	$949,040
Balance on January 1, 2022	$751,219	$867	$160,727	$22,378	$38,173	$(24,324)	$949,040
Appropriation and distribution of 2021 earnings:							
Legal reserve appropriated	-	-	123	-	(123)	-	-
Special reserve appropriated	-	-	-	1,946	(1,946)	-	-
Cash dividends of ordinary share	-	-	-	-	(15,024)	-	(15,024)
Net Income for the year ended December 31, 2022	-	-	-	-	4,803	-	4,803
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	11,400	3,373	14,773
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	16,203	3,373	19,576
Balance on December 31, 2022	$751,219	$867	$160,850	$24,324	$37,283	$(20,951)	$953,592

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

English translation of consolidated financial statements originally issued in Chinese

GLOBE INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Item	For the years ended	
	December 31, 2022	December 31, 2021
Cash flows from operating activities:		
Income before income tax	$12,770	$8,809
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	39,737	40,819
Amortization expense	227	658
Expected credit loss	418	1,186
Net gain on financial assets or liabilities at fair value through profit or loss	(532)	(334)
Interest expense	64	119
Interest income	(1,052)	(918)
(Gain) loss on disposal of property, plant and equipment	(61)	108
Changes in operating assets and liabilities:		
Current financial assets at fair value through profit or loss	(9,659)	12,526
Notes receivable	8,800	(11,285)
Accounts receivable	32,906	(12,522)
Accounts receivable from related parties	-	1,337
Other receivables	(1,038)	61
Inventories	55,838	(85,692)
Prepayments	10,069	(5,723)
Other current assets	500	(388)
Contract liabilities	9	(198)
Notes payable	(44,741)	28,489
Accounts payable	(23,240)	467
Other payables	5,416	(3,857)
Other current liabilities	(108)	2,182
Net defined benefit liabilities	203	20
Other non-current liabilities	238	(2,047)
Cash generated from (used in) operations	86,764	(26,183)
Interest received	1,043	1,013
Interest paid	(15)	(56)
Income tax paid	(6,635)	(5,714)
Net cash flows generated from (used in) operating activities	81,157	(30,940)
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(27,767)	(8,926)
Proceeds from disposal of property, plant and equipment	135	-
Refundable deposits	-	141
Acquisition of intangible assets	(554)	(74)
Net cash flows used in investing activities	(28,186)	(8,859)
Cash flows from financing activities:		
Deposit received	200	-
Repayments of lease liabilities	(1,872)	(2,788)
Cash dividends paid	(15,024)	(22,537)
Net cash flows used in financing activities	(16,696)	(25,325)
Effect of exchange rate changes on cash and cash equivalents	1,005	(593)
Net increase (decrease) in cash and cash equivalents	37,280	(65,717)
Cash and cash equivalents at the beginning of period	225,429	291,146
Cash and cash equivalents at the end of period	$262,709	$225,429

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

English translation of consolidated financial statements originally issued in Chinese

GLOBE INDUSTRIES CORPORATION AND SUBSIDIARIES

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. History and organization

Globe Industries Corporation (the "Company") was established in December 1964 under the Company Act of the Republic of China ("ROC"), with a registered capital of NT$200,000. The Company underwent several rounds of capital increases, and as of December 31, the paid-in capital was NT$751,218,820. The Company's shares were approved for trading on the Taiwan Stock Exchange on September 11, 2000.

The Company primarily engages in manufacturing, processing, and trading of various adhesive tapes. The Company's registered address and main operating site are located at 7F., No. 61, Sec. 3, Nanjing E. Rd., Taipei City, Taiwan.

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

The consolidated financial statements of Globe Industries Corporation and its subsidiaries (the Company) for the years ended December 31, 2022, and 2021 were recommended and authorized for issue by the Board of Directors on March 14, 2023.

3. Newly issued or revised standards and interpretations

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

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised, or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2022. The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2022 have no material impact on the Company.

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

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

A. Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that 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 included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting policies from changes in accounting estimates.

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 January 1, 2023. The Company determined the potential impact of the aforementioned standards and interpretations have no material impact on the Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Amendments to 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”	January 1, 2023
C	“Classification of Liabilities as Current or Non-current“ – Amendments to IAS 1	January 1, 2024
D	Amendments to IFRS16 “Lease Liability in a Sale and Leaseback Transactions”	January 1, 2024
E	“Non-current Liabilities with Covenants” – Amendments to IAS 1	January 1, 2024

A. Amendments to 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 Model, under this model, on initial recognition, an entity shall measure a Company of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a Company 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 January 1, 2023 (from the original effective date of January 1, 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. The effective of IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts.

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-lessee's additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

E. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the new standards and interpretations listed above, relating impact assessments will be disclosed once completed.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements of the Company for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"), IFRSs, IASSs, IFRIC and SIC which are endorsed by the FSC.

(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 ("NTD") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Company 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 Company controls an investee if and only if the Company 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 Company has less than a majority of the voting or similar rights of an investee, the Company 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 Company's voting rights and potential voting rights

When the Company 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 Company 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-Company balances, income and expenses, unrealized gains and losses and dividends resulting from intra-Company transactions are eliminated in full.

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 Company 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; and
F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

			Percentage of ownership (%)	
Investor	Subsidiary	Main businesses	December 31,2022	December 31,2021
The Company	Sky Wealth International Creation Ltd.	Trade business	100.00%	100.00%
The Company	Globe Adhesive Technology Corp.	Reinvestment in Rolling Miles Holding Limited	100.00%	100.00%
Globe Adhesive Technology Corp.	Rolling Miles Holding Limited	Reinvestment in Globe Adhesive Technology (Zhuhai) Co.,Ltd	100.00%	100.00%
Rolling Miles Holding Limited	Globe Adhesive Technology (Zhuhai) Co.,Ltd	Manufacturing, processing, and trading of various adhesive tapes	100.00%	100.00%

(4) Foreign currencies

The Company's consolidated financial statements are presented in NTD, which is also the Company's functional currency. Each entity in the Company 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 at functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated 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 of the dates of the initial transactions.

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

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
B. Foreign currency items within the scope of *IFRS 9 Financial Instruments* are accounted for based on the accounting policy for financial instruments.
C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

(5) Translation of Foreign Currency Financial Statements

The assets and liabilities of foreign operations are translated into New Taiwan Dollars 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 the 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 foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

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 jointly controlled entity 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

All other assets are classified as non-current. An asset is classified as current when:
A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
B. The Company holds the asset primarily for the purpose of trading.
C. The Company expects to realize the asset within twelve months after the reporting period.
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. A liability is classified as current when:

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

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 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 Company becomes a party to the contractual provisions of the instrument.

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

A. Financial assets: Recognition and Measurement

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

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

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

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

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

(a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

<u>Financial asset measured at fair value through other comprehensive income</u>

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 follows:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

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

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

Financial assets at fair value through profit or loss

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

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

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit loss on debt instrument investments measured at fair value through other comprehensive income and financial assets 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 statement of financial position.

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

(a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) The time value of money; and
(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 measures as follows:

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

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

C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition 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; or
(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 Company of financial assets, financial liabilities or both is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses 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 losses 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) Derivative financial instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (not held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

(10) Fair value measurement

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

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

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

(11) 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 weighted average 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.

(12) Property, plant and equipment

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

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

Buildings and structures	35~55 years
Machinery equipment	8~9 years
Transportation equipment	3~6 years
Office equipment	3~6 years
Other equipment	3~9 years
Office equipment／Long term prepaid rent	2~50 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) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

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

Company as a lessee

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

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

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

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

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

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

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

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

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

Company as a lessor

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

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

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

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of 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.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset 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 (3 to 5 years).

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

	Computer software
Durable years	Limited (3~5 years)
Amortization method used	Amortized on a straight-line basis over the estimated durability
Internally generated or Externally acquired	Externally Acquired

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of *IAS 36 Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets 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 Company's of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the assets 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 Company's 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 (Company of units), then to the other assets of the unit (Company of units) pro rata on the basis of the carrying amount of each asset in the unit (Company of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

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

(16) Provisions

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

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

(17) Revenue recognition

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

Sale of goods

The Company manufactures and sells products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers based on the consideration stated in the contract, the main commodities are all kinds of adhesive tapes, and the revenue is recognized on the basis of the price stated in the contract.

The credit period of the Company's sale of goods is from 0 to 180 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Company usually collects the payments shortly after transfer of goods to customers.

(18) 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 Company'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 Company recognizes restructuring-related costs

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

If the post-employment benefit plan of the defined benefit plan is revised, reduced or liquidated, the Company will use the updated actuarial assumptions to re-measure the net defined benefit liabilities (assets), and adopt updated actuarial assumptions to determine the current service cost and net interest in the remaining reporting period after the plan is changed.

(19) 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.

<u>Current income tax</u>

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

<u>Deferred tax</u>

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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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

5. Significant accounting judgments, estimates and assumptions

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

Estimates and assumptions

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

(1) Impairment of accounts receivable

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

(2) Valuation of inventory

Estimates of net realizable 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(6) for more details.

(3) 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 Company 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 Company's domicile.

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. Please refer to Note 6 for disclosure on unrecognized deferred tax asset of the Company as of December 31, 2022.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of	
	December 31, 2022	December 31, 2021
Cash on hand	$581	$673
Savings and checking accounts	177,716	138,027
Time deposit	84,412	86,729
Total	$262,709	$225,429

(2) Financial assets/liabilities at fair value through profit or loss

	As of	
	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Financial liabilities mandatorily measured at fair value：		
Derivatives not designated as hedging instruments		
Funds	$134,164	$123,973
Current	$134,164	$123,973

Financial assets at fair value through other comprehensive income were not pledged.

(3) Financial assets at amortized cost

	As of	
	December 31, 2022	December 31, 2021
Time deposit	$20,176	$20,174
Non-current	$20,176	$20,174

The Company classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details under pledge.
Please refer to Note 12 for more details on credit risk.

(4) Notes receivable

	As of	
	December 31, 2022	December 31, 2021
Notes receivable arising from operating activities	$32,045	$40,845

Notes receivable were not pledged.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(11)or more details on loss allowance and Note 12 for more details on credit risk.

(5) Accounts receivable

	As of	
	December 31, 2022	December 31, 2021
Accounts receivable	$146,694	$181,539
Less: loss allowance	(506)	(2,027)
Total	$146,188	$179,512

Accounts receivable were not pledged.

Accounts receivable credit terms are generally on 0 to 180 day terms. The total carrying amount as of December 31, 2022 and December 31, 2021 was $178,739 thousand and $222,384 thousand, respectively. Please refer to Note 6(11) for more details on loss allowance of account receivables for the years ended December 31, 2022 and 2021. Please refer to Note 12 for more details on credit risk.

(6) Inventories

	As of	
	December 31, 2022	December 31, 2021
Raw materials	$84,241	$124,625
Supplies and parts	4,377	4,853
Work in process	42,457	47,315
Finished goods	68,457	78,577
Total	$199,532	$255,370

The cost of inventories recognized in expenses amounted to NT$829,229 thousand for the year ended December 31, 2022, including the write-down of inventories of NT$1,800 thousand.

The cost of inventories recognized in expenses amounted to NT$911,734 thousand for the year ended December 31, 2021, including the write-down of inventories of NT$265 thousand.

No inventories were pledged.

(7) Property, plant and equipment

The property, plant and equipment listed in the Company's accounts are all self-use and self-owned, and the application of IFRS 16 has no impact on the company's property, plant, and equipment.

	Land	Buildings	Machinery and equipment	Office fixtures	Transportation equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:								
As of January 1, 2022	$56,074	$437,970	$583,232	$16,503	$26,368	$50,779	$16,066	$1,186,992
Additions	-	5,982	1,395	239	-	4,108	16,043	27,767
Disposals	-	-	(82)	(36)	(736)	-	-	(854)
Transfers	-	3,840	-	684	-	-	(4,524)	-
Exchange differences	-	3,462	2,149	(42)	68	209	119	6,049
As of December 31, 2022	$56,074	$451,254	$586,694	$17,432	$25,700	$55,096	$27,704	$1,219,954
As of January 1, 2021	$56,074	$439,002	$578,501	$16,909	$26,403	$51,662	$14,767	$1,183,318
Additions	-	735	5,004	114	-	452	2,621	8,926
Disposals	-	-	(72)	(498)	-	(1,593)	-	(2,163)
Transfers	-	-	902	-	-	350	(1,252)	-
Exchange differences	-	(1,767)	(1,103)	(22)	(35)	(92)	(70)	(3,089)
As of December 31, 2021	$56,074	$437,970	$583,232	$16,503	$26,368	$50,779	$16,066	$1,186,992
Depreciation and Impairment:								
As of January 1, 2022	$-	$256,954	$506,002	$11,700	$22,705	$42,584	$-	$839,945
Depreciation	-	17,077	14,303	2,538	859	2,210	-	36,987
Disposals	-	-	(82)	(36)	(662)	-	-	(780)
Exchange differences	-	1,962	1,482	40	64	143	-	3,691
As of December 31, 2022	$-	$275,993	$521,705	$14,242	$22,966	$44,937	$-	$879,843
As of January 1, 2021	$-	$241,110	$491,547	$9,657	$21,262	$42,105	$-	$805,681
Depreciation	-	16,767	15,240	2,562	1,475	2,024	-	38,068
Disposals	-	-	(72)	(498)	-	(1,485)	-	(2,055)
Exchange differences	-	(923)	(713)	(21)	(32)	(60)	-	(1,749)
As of December 31, 2021	$-	$256,954	$506,002	$11,700	$22,705	$42,584	$-	$839,945
Net carrying amounts as of::								
December 31, 2022	$56,074	$175,261	$64,989	$3,190	$2,734	$10,159	$27,704	$340,111
December 31, 2021	$56,074	$181,016	$77,230	$4,803	$3,663	$8,195	$16,066	$347,047

a. Please refer to Note 8 for more details on property, plant and equipment under pledge.
b. The issue of capitalization of the borrowing cost of the property, plant and equipment does not exist.

(8) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.
Pension expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were NT$9,020 thousand and NT$9,296 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contributes an amount equivalent to 6% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandating, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$1,230 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

The duration of the defined benefits plan obligation as of December 31, 2022 and 2021 were 2025 and 2030, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended	
	December 31, 2022	December 31, 2021
Current service cost	$1,254	$1,317
Net interest on the net defined benefit liabilities (assets)	183	86
Total	$1,437	$1,403

Changes in the defined benefit obligation and fair value of plan assets were as follows:

	As of December 31, 2022	As of December 31, 2021
Defined benefit obligation	$72,070	$91,409
Plan assets at fair value	(59,976)	(65,269)
Net defined benefit liabilities (assets) recognized on the balance sheets	$12,094	$26,140

Reconciliations of liabilities (assets) of the defined benefit plan was as follows:

	Defined benefit obligation	Plan assets at fair value	Benefit liabilities (assets)
As of January 1, 2021	$93,374	$(66,513)	$26,861
Current period service cost	1,317	-	1,317
Interest expense (income)	299	(213)	86
Subtotal	94,990	(66,726)	28,264
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	175	-	175
Actuarial gains and losses arising from changes in financial assumptions	(3,179)	-	(3,179)
Experience adjustments	3,302	-	3,302
Remeasurements of the defined benefit assets	-	(1,039)	(1,039)
Subtotal	298	(1,039)	(741)
Payments from the plan	(3,879)	3,879	-
Contribution by employer	-	(1,383)	(1,383)
As of December 31, 2021	91,409	(65,269)	26,140
Current period service cost	1,254	-	1,254
Interest expense (income)	640	(457)	183
Subtotal	93,303	(65,726)	27,577
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	36	-	36
Actuarial gains and losses arising from changes in financial assumptions	(6,859)	-	(6,859)
Experience adjustments	(2,407)	-	(2,407)
Remeasurements of the defined benefit assets	-	(5,019)	(5,019)
Subtotal	(9,230)	(5,019)	(14,249)
Payments from the plan	(12,003)	12,003	-
Contribution by employer	-	(1,234)	(1,234)
As of December 31, 2022	$72,070	$(59,976)	$12,094

The following significant actuarial assumptions were used to determine the present value of the defined benefit obligation:

	As of	
	December 31, 2022	December 31, 2021
Discount rate	1.16%	0.70%
Expected rate of salary increases	1.00%	2.00%

A sensitivity analysis for significant assumption was shown below:

	For the years ended			
	December 31, 2022		December 31, 2021	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.50%	$-	$(1,039)	$-	$(3,918)
Discount rate decrease by 0.50%	1,174	-	4,238	-
Future salary increase by 0.50%	1,169	-	4,160	-
Future salary decrease by 0.50%	-	(1,046)	-	(3,889)

The sensitivity analysis 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 analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

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

(9) Equity

A. Ordinary share

As of December 31, 2022 and December 31, 2021, the Company’s authorized capital was NT$1,200,000 thousand and the paid-in capital was NT$751,219 thousand; the outstanding shares was 75,122 thousand shares, each at a par value of NT$10.
Each at a par value of NT$10. Each share has one voting right and right to receive dividends.

B. Capital surplus

	As of	
	December 31, 2022	December 31, 2021
Others	$867	$867

According to the Company Act, the capital surplus shall not be used except for offsetting the deficit of the Company. When a Company incurs no loss, it may distribute the capital surplus generated from the excess of the issuance price over the par value of share capital and donations. 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. Retained earnings and dividend policy

According to the Company 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, the distribution made in the form of dividend shares should be resolved in the shareholders' meeting; the distribution made in cash could be special resolved by the Board of Directors and reported in the shareholders' meeting.

Earnings may be distributed in total after taking into consideration financial, business and operational factors. Earnings of the Corporation may be distributed by way of cash dividend and/or stock dividend.
The Board of Directors shall make the distribution proposal annually and reported in the shareholders' meeting.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized 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.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The amount of the special surplus reserve since the first adoption of IFRS by the Company was NT$12,729 thousand. In addition, the Company did not use, dispose of, or reclassify the relevant assets from January 1 to December 31, 2021 and 2022, so there is no need to reverse the special surplus reserve.
As of December 31, 2022 and 2021, the amount of the special surplus reserve adopted for the first time was NT$12,729 thousand.

Details of the year of 2022 and 2021 earnings distribution and dividends per share which were special resolved by the Board of Directors held on Mar 14, 2023, and Mar 9, 2022, respectively were as follows:

	Appropriation of earnings		Dividend per share (NTD$)	
	2022	2021	2022	2021
Legal reserve	$1,620	$123		
Special reserve	-	1,946		
Reverse the special reserve	3,373	-		
Cash dividends of ordinary share	15,024	15,024	$0.2	$0.2

Please refer to Note 6(13) for further details on employees' compensation and remuneration to directors and supervisors.

(10) Operating revenue

Breakdown of operating revenue was as follows:

	For the years ended	
	December 31, 2022	December 31, 2021
Revenue from contracts with customers		
Sale of goods	$983,017	$1,076,840

Analysis of revenue from contracts with customers during the years ended December 31, 2022, and 2021 were shown as follows:

(a) Disaggregation of revenue

	Tape manufacturing business	
	December 31, 2022	December 31, 2021
Sale of goods	$983,017	$1,076,840

(b) Contract balances

Current contract liabilities

	Opening Balance	Closing Balance	Quantity Variance
Sales of goods	$59	$68	$9

Contract liabilities increased at the end of the period because the obligations were not satisfied.

(11) Impairment loss

	For the years ended	
	December 31, 2022	December 31, 2021
Operating expenses –impairment loss determined in accordance with IFRS 9 Receivable	$418	$1,186

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

The Company measures the loss allowance of its receivables (including notes receivable, accounts receivable and accounts receivable due from related parties) at an amount equal to lifetime expected credit loss. The assessment of the Company's loss allowance as of December 31, 2022 and December 31, 2021 was as follow:

(a) The Company considers the Company of notes receivable and accounts receivable by counterparties' credit rating, by geographical region and by industry sector. The details as follows:

	As of December 31, 2022					
	Not yet due	Overdue				
	(Note)	<=30 days	31-120 days	121-365 days	> =365 days	Total
Domestic Sales Department						
Gross carrying amount	$109,719	$13,053	$1,432	$1	$482	$124,687
Loss ratio	0~1%	0~2%	18~100%	100%	100%	
Lifetime expected credit loss	(3)	(1)	(1)	(1)	(482)	(488)
Total	109,716	13,052	1,431	-	-	124,199

	As of December 31, 2022					
	Not yet due	Overdue				
	(Note)	<=30 days	31-120 days	121-365 days	> =365 days	Total
International Marketing Department						
Gross carrying amount	$35,913	$17,925	$-	$214	$-	$54,052
Loss ratio	0~1%	0~1%	0~1%	0~1%	9.21%	
Lifetime expected credit loss	-	-	-	(18)	-	(18)
Total	35,913	17,925	-	196	-	54,034
Carrying amount of accounts receivable						$178,233

	As of December 31, 2021					
	Not yet due	Overdue				
	(Note)	<=30 days	31-120 days	121-365 days	> =365 days	Total
Domestic Sales Department						
Gross carrying amount	$139,408	$16,419	$2,332	$98	$692	$158,949
Loss ratio	0~1%	0~2%	18~100%	100%	100%	
Lifetime expected credit loss	(189)	(271)	(602)	(98)	(692)	(1,852)
Total	139,219	16,148	1,730	-	-	157,097

	As of December 31, 2021					
	Not yet due			Overdue		
	(Note)	<=30 days	31-120 days	121-365 days	> =365 days	Total
International Marketing Department						
Gross carrying amount	$47,534	$13,136	$867	$-	$1,898	$63,435
Loss ratio	0~1%	0~1%	0~1%	0~1%	9.21%	
Lifetime expected credit loss	-	-	-	-	(175)	(175)
Total	47,534	13,136	867	-	1,723	63,260
Carrying amount of accounts receivable						$220,357

Note: The Company’s notes receivable was not overdue.

The movements in the provision for impairment of receivables during the years ended December 31, 2022 was shown as follows:

	Accounts receivable
Beginning balance as of January 1, 2022	$2,027
Allowance (reverse) for the current period	418
changes and others	(1,939)
Beginning balance as of December 31, 2022	$506
Beginning balance as of January 1, 2021	$841
Allowance (reverse) for the current period	1,186
Ending balance as of December 31, 2022	$2,027

(12) Leases

A. Company as a lessee

The Company leases various assets including land, buildings, machinery and equipment. Rental contracts are typically made for periods of 2 years and there are no special restrictions.

In addition, the Company's mainland subsidiary leases the user right of land from the local government, and the lease period of the contract ranges from 1 year to 50 years. Some of the contracts stipulate that if the lessor needs to withdraw the land use rights in advance, the lessor must notify the lessee in writing, and a land of the same area and nature must be provided to the lessee free of charge to facilitate the lessee to relocate the factory, and shall compensate the lessee for the loss of investment in fixed assets, business losses and other losses caused by the inability to continue production during the relocation of the factory, so as to assist the lessee in continuing operations.

The Company’s leases effect on the financial position, financial performance and cash flows were as follows:

(a)Amounts recognized in the balance sheet

(i) Right-of-use assets

The carrying amount of right-of-use assets

	As of	
	December 31, 2022	December 31, 2021
Land	$313	$319
Buildings	3,971	3,126
Other equipment	78	19
Total	$ 4,362	$ 3,464

In the year of 2022, the amount of the right-of-use assets of the Company increased NT$3,643 thousand.

(ii) Lease liabilities

	As of	
	December 31, 2022	December 31, 2021
Lease liabilities	$3,311	$2,405
Current	$2,784	$1,377
Non-current	$527	$1,028

Please refer to Note 6 (14)(D) Finance costs for the interest expense on lease liabilities recognized during the years ended December 31, 2022 and 2021; refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2022 and 2021.

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

Depreciation charge for right-of-use assets

	For the years ended	
	December 31, 2022	December 31, 2021
Land	$11	$11
Buildings	2,680	2,681
Other equipment	59	59
Total	$2,750	$2,751

(c)Cash outflow relating to leasing activities

During the period from January 1, 2022 to December 31, 2022, the total cash outflow for leases amount was NT$1,872 thousand.

(d)Other information relating to leasing activities

(i) Variable lease payments: None.

(ii) Extension and termination options: None.

(iii) Residual value guarantees: None.

(13) Additional information of expenses by function

Summary statement of employee benefits, depreciation and amortization expenses by function were as follows:

By function / By feature	For the years ended period ended					
	December 31, 2022			December 31, 2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Wages and salaries	$89,768	$86,350	$176,118	$94,782	$83,247	$178,029
Labor and health insurance	8,015	7,384	15,399	8,266	7,721	15,987
Pension	3,462	6,995	10,457	3,320	7,379	10,699
Director's Remuneration	-	2,606	2,606	-	2,208	2,208
Other employee benefits expense	1,536	5,804	7,340	1,518	6,045	7,563
Depreciation	32,967	6,770	39,737	33,737	7,082	40,819
Amortization	-	227	227	-	658	658

The number of employees in the current year and the previous year was 325 and 334 respectively, among which the number of directors who did not concurrently serve as employees was 3.

According to the Company's articles of association, 3% of the current year's profit is used as employee compensation, and less than 3% of this year's profit is used as director's remuneration. 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, there to 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 can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors to be 3%. As such, employees' compensation and remuneration to directors were recognized as employee benefits expense at NT$408 thousand for the year ended December 31, 2022. The aforementioned amount was distributed based on current year profit and recognized in wages and salaries. If the Board of Directors resolves to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price one day earlier than the date of resolution. Differences between the estimated amount and the actual distribution of the employee' compensation and remuneration to directors will be recognized in profit or loss of the subsequent year.

The actual cash distribution amount of employees' compensation and remuneration to directors of the year 2021 was NT$281 thousand respectively. There were no significant differences between the actual distributed amount and the expenses recognized in the annual financial statements in the year 2021.

(14) Non-operating income and expenses

A. Interest income

	For the years ended December 31, 2022	For the years ended December 31, 2021
Bank deposits		
Financial assets measured at amortized cost	$1,052	$918

B. Other income

	For the years ended December 31, 2022	For the years ended December 31, 2021
Other revenue – others	$5,199	$428

C. Other gains and losses

	For the years ended December 31, 2022	For the years ended December 31, 2021
Gain (Loss) on disposal of property, plant and equipment	$61	$(108)
Foreign exchange gain(loss), net	5,816	(2,606)
Gain on financial assets/liabilities at fair value through profit or loss (Note)	532	334
Other losses	(731)	(147)
Total	$5,678	$(2,527)

Note: Balances were arising from financial assets and liabilities mandatorily measured at fair value through profit or loss.

D. Finance costs

	For the years ended December 31, 2022	For the years ended December 31, 2021
Interest on bank borrowings	$15	$56
Interest due from lease liabilities	49	63
Total	$64	$119

(15) Components of other comprehensive income

For the year ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Will not be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit	$14,249	$-	$14,249	$(2,849)	$11,400
Will be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation	3,373	-	3,373	-	3,373
Total of other comprehensive income	$17,622	$-	$17,622	$(2,849)	$14,773

For the year ended December 31, 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Will not be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit	$741	$-	$741	$(148)	$593
Will be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation	(1,946)	-	(1,946)	-	(1,946)
Total of other comprehensive income	$(1,205)	$-	$(1,205)	$(148)	$(1,353)

(16) Income tax

The major components of tax expense (income) during the years ended December 31, 2022 and 2021 were as follows:

Tax recognized in profit or loss

	For the years ended December 31, 2022	December 31, 2021
Current tax expense (income):		
Current income tax charge	$8,040	$6,777
Adjustments in respect of current income tax of prior periods	520	614
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(593)	783
Total tax expense (income)	$7,967	$8,174

Tax recognized in other comprehensive income

	For the years ended December 31, 2022	December 31, 2021
Deferred tax expense (income):		
Remeasurements of defined benefit	$2,849	$148
Income tax related to components of other comprehensive income	$2,849	$148

A reconciliation of income before income tax and income tax expense recognized in profit or loss were as follows:

	For the years ended December 31, 2022	December 31, 2021
Accounting profit before tax from continuing operations	$12,770	$8,809
Tax at the domestic rates applicable to profits in the country concerned	$2,554	$1,762
Tax effect of revenues exempt from taxation	(130)	(51)
Tax effect of expenses not deductible for tax purposes	11	1
Tax effect of deferred tax assets/liabilities	5,012	5,848
Income tax adjustments on prior years	520	614
Total income tax expense	$7,967	$8,174

Significant components of deferred income tax assets and liabilities were as follows:

For the year ended December 31, 2022:

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized allowance for inventory obsolescence	$2,031	$603	$-	$2,634
Unrealized forward exchange (gains) or losses	(15)	24	-	9
Unrealized exchange (gains) or losses	90	(54)	-	36
Unrealized intragroup profits and losses	73	(21)	-	53
Unrealized pension expenses	(191)	41	-	(150)
Benefit obligation for annual leave	1,022	-	-	1,022
Defined benefit liabilities-noncurrent	3,370	-	(2,849)	521
Deferred income tax benefit (expense)		$593	$(2,849)	
Net offset balance of deferred tax assets (liabilities)	$6,380			$4,124
Reported in balance sheets:				
Deferred tax assets	$6,395			$4,124
Deferred tax liabilities	$15			$-

For the year ended December 31, 2021:

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized allowance for inventory obsolescence	$2,588	$(557)	$-	$2,031
Unrealized forward exchange (gains) or losses	1	16	-	(15)
Unrealized exchange (gains) or losses	229	(139)	-	90
Unrealized intragroup profits and losses	205	(132)	-	73
Unrealized pension expenses retirement benefit cost	(252)	61	-	(191)
Payables for annual leave	1,022	-	-	1,022
Defined benefit liabilities-noncurrent	3,518	-	(148)	3,370
Deferred income tax benefit (expense)		$(783)	$(148)	
Net offset balance of deferred tax assets (liabilities)	$7,311			$6,380
Reported in balance sheets:				
Deferred tax assets	$7,311			$6,395
Deferred tax liabilities	$-			$15

Unrecognized deferred tax assets

As of December 31, 2022, and December 31, 2021, the amount of taxable temporary differences that the Company did not recognize as deferred income tax assets was NT$25,976 thousand and NT$20,871 thousand respectively.

Unrecognized deferred tax liabilities relating to the investment subsidiaries.

The Company has not recognized the relevant deferred income tax liabilities for the income tax payable that may arise when the undistributed earnings of foreign subsidiaries are repatriated. The Company has decided not to distribute its subsidiary's undistributed profits in the foreseeable future.
As of December 31, 2022 and December 31, 2021, the amount of taxable temporary differences not recognized as deferred income tax liabilities was NT$972 thousand and NT$879 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 was as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2020

(17) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity owners of the Company 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.

A. Basic earnings per share

	For the years ended	
	December 31, 2022	December 31, 2021
Profit attributable to ordinary shareholders of the parent (in thousands of NTD)	$4,803	$635
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand)	75,122	75,122
Basic earnings per share (NTD)	$0.06	$0.01

B. Diluted earnings per share

	For the years ended	
	December 31, 2022	December 31, 2021
Profit attributable to ordinary shareholders of the parent after dilution (in thousands of NTD)	$4,803	$635
Effect of dilution:		
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand)	75,122	75,122
Employee bonus-stock (in thousand)	61	62
Weighted average number of ordinary shares outstanding after dilution (in thousand)	75,183	75,184
Diluted earnings per share (NTD)	$0.06	$0.01

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. Related party transactions

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

Name and Relationship of Related Parties

Name of the related parties	Relationship with the Company
Te-Hsu Chang	Key management personnel
Yea-Chyi Chang	Key management personnel
Jui-Chuan Chang	Other related parties
Teng-Fang Chang	Other related parties

Significant transactions with the related parties

(1) Sales

	December 31, 2022	December 31, 2021
Other related parties	$-	$2,801

The sales price to the above related parties is determined by mutual agreement based on the market rates. The terms of payment are no different from those of general customers.

(2) Leased

A. Right-of-use asset

	December 31, 2022	December 31, 2021
Other related parties	$470	$306

B. Lease liabilities

	December 31, 2022	December 31, 2021
Other related parties	$470	$309

C. Interest expense on the lease liability

	December 31, 2022	December 31, 2021
Other related parties	$3	$9

(3) Compensation of key management personnel

	December 31, 2022	December 31, 2021
Short-term employee benefits	$9,443	$11,491

8. Assets pledged as security

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

	Carrying amount as of		
Assets pledged as security	December 31, 2022	December 31, 2021	Secured liabilities
Financial assets at amortized cost - non-current	$20,176	$20,174	Guarantee for material purchase and customs duty
Property, plant and equipment-Land & Buildings	69,016	70,224	Current borrowings
Total	$89,192	$90,398	

9. Commitments and contingencies

(1) As of December 31, 2022, the Company issued guaranteed notes as follows:

Items	Amounts
Normal commercial credit	$64,080
Purchase credit	5,000
Sales Shipment Guarantee	82

(2) The Company signed a contract for the purchase of fixed assets as follows:

	Total contract price	Amount paid	Unpaid amount
Construction in progress	$66,524	$21,360	$45,164

10. Losses due to major disasters: None.

11. Significant subsequent events: None.

12. Others

(1) Financial instruments

Financial assets

	As of	
	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$134,164	$123,973
Financial assets at amortized cost:		
Cash and cash equivalents	262,128	224,756
Financial assets at amortized cost	20,176	20,174
Notes receivable	32,045	40,845
Accounts receivable	146,188	179,512
Other receivables	2,956	1,909
Total	$597,657	$591,169

Financial liabilities

	As of	
	December 31, 2022	December 31, 2021
Financial liabilities at amortized cost:		
Accounts payable	$176,105	$238,670
Lease liabilities	3,311	2,405
Total	$179,416	$241,075

(2) Financial risk management objectives

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

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

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk 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 variables; there are 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 Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company reviews its assets and liabilities denominated in foreign currency and enters forward exchange contracts to hedge the exposure from exchange rate fluctuations. The level of hedging depends on the foreign currency requirements from each operating unit. As the purpose of holding forward exchange contracts are to hedge exchange rate fluctuation risk, the gain or loss made on the contracts from the fluctuation in exchange rates are expected to mostly offset gains or losses made on the hedged item. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates. The information of the sensitivity analyst is as follows:

A. When NTD appreciates or depreciates against USD by 1%, the profit and loss of the Company for the years ended December 31, 2022 and 2021 are decreased/increased by NT$684 thousand and NT$617 thousand, respectively.
B. When NTD appreciates or depreciates against Japanese yen by 1%, the profit and loss of the Company for the years ended December 31, 2022 and 2021 are increased/decreased by NT$45 thousand and NT$59 thousand, respectively.
C. When NTD appreciates or depreciates against Renminbi by 1%, the profit and loss of the Company for the years ended December 31, 2022 and 2021 are both decreased/increased by NT$16 thousand.

Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments with variable interest rates. At the balance sheet date, an increase or a decrease of 10 basis points of interest rate could cause the profit for the years ended December 31, 2022 and 2021 to decrease/increase by NT$82 thousand and NT$70 thousand, respectively.

(4) Credit risk management

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

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

As of December 31, 2022 and December 31, 2021, the top ten receivables from counter parties represented 30% and 21% of the total receivables of the Company, respectively. The credit concentration risk of the remaining receivables was insignificant.

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

(5) Liquidity risk management

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

Non-derivative financial liabilities

	Less than 1years	2 to 3 years	4 to 5 years	Above 5 years	Total
As of December 31, 2022					
Accounts payable	$176,105	$-	$-	$-	$176,105
Lease liabilities (Note)	2,784	527	-	-	3,311
As of December 31, 2021					
Accounts payable	$238,670	$-	$-	$-	$238,670
Lease liabilities (Note)	1,377	1,028	-	-	2,405

Note: Cash flows from lease contracts including short-term leases and low-value underlying assets.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2022, and 2021:

Changes of Company's liabilities under financing activities come from changes in cash flows.

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

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

(a)The carrying amount of cash and cash equivalents, accounts receivable, 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 and bonds 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:

Among the Company’s financial assets and financial liabilities measured at amortized cost, other than cash and cash equivalents, financial assets at amortized cost, accounts receivable, accounts payable, other current liabilities and non-current borrowings, the carrying amount approximate their fair value, the rest with the fair values of financial assets and financial liabilities measured at amortized cost are presented as follows:

	Book Value	
	December 31, 2022	December 31, 2021
Financial assets:		
Financial assets measured at amortized cost	$20,176	$20,174

	Fair Value	
	December 31, 2022	December 31, 2021
Financial assets:		
Financial assets measured at amortized cost	$20,176	$20,174

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivatives financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2022 and December 31, 2021 was as follows:

Forward currency contracts

The Company entered into forward currency contracts to manage its exposure to financial risk, but these contracts were not designated as hedging instruments. The table below listed the information related to forward currency contracts:

Item (by contract)	Notional Amount	Contract Period
As of December 31, 2022		
Forward currency contract	Sell YEN 10,000 thousand	From Dec 1, 2022, to Jan 31, 2023
As of December 31, 2022		
Forward currency contract	Sell YEN 9,500 thousand	From Dec 13, 2021, to Feb 8, 2022
Forward currency contract	Sell YEN 18,000 thousand	From Dec 23, 2021, to Feb 21, 2022

The counterparties for the aforementioned derivatives transactions were well known local or overseas banks, as they had sound credit ratings, the credit risk was insignificant.
With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Company has sufficient operating funds, the cash flow risk is insignificant.

(9) 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 Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

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

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

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Financial assets:				
At fair value through profit or loss				
Funds	$134,164	$-	$-	$134,164

As of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Financial assets:				
At fair value through profit or loss				
Funds	$123,973	$-	$-	$123,973

Transfers between Level 1 and Level 2 during the period

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

C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value was disclosed.

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Financial assets did not measure at fair value but for which the fair value was disclosed:				
Financial assets measured at amortized cost				
Time deposit	$20,176	$-	$-	$20,176
Financial liabilities did not measure at fair value but for which the fair value was disclosed:				
Lease liabilities	-	3,311	-	3,311

As of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Financial assets did not measure at fair value but for which the fair value was disclosed:				
Financial assets measured at amortized cost				
Time deposit	$20,174	$-	$-	$20,174
Financial liabilities did not measure at fair value but for which the fair value was disclosed:				
Lease liabilities	-	2,405	-	2,405

(10) Significant Assets and Liabilities Denominated in Foreign Currencies

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

	December 31, 2022		
	Foreign currencies	Exchange rate	NTD thousand
Financial assets			
Monetary item:			
USD	$2,388	30.660	$73,216
JPY	19,321	0.230	4,444
CNY	361	4.383	1,582
Financial liabilities			
Monetary items:			
USD	$158	30.660	$4,844

	December 31, 2021		
	Foreign currencies	Exchange rate	NTD thousand
Financial assets			
Monetary item:			
USD	$2,486	27.630	$68,688
JPY	26,592	0.239	6,355
CNY	363	4.319	1,568
Financial liabilities			
Monetary items:			
USD	$254	27.630	$7,018
JPY	2,001	0.239	478

The above information was disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Company’s significant monetary financial assets and liabilities denominated in foreign currencies incurred foreign exchange gain (loss) (including realized and unrealized) of NT5,816 thousand and NT$2,606 thousand for the years ended December 31, 2022 and 2021, respectively.

The Company’s foreign currency transactions were denominated in multiple currency; therefore, the information of the foreign exchange gains (losses) of monetary assets and liabilities denominated by each currency was not applicable for disclosure.

(11) Capital management

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

13. Other disclosure

(1) Information at significant transactions (portion of transactions were eliminated upon consolidation)

A. Financings provided to others: Please refer to table 1 for more details.
B. Endorsements/guarantees provided to others: None.
C. Marketable securities held: Please refer to table 2 for more details.
D. Individual securities acquired or disposed of with accumulated amount exceeding NTD 300 million or 20 percent of the capital stock: None.
E. Acquisition of individual real estate properties at costs of at least NTD 300 million or 20 percent of the paid-in capital: No such circumstances.
F. Disposal of individual real estate properties at costs of at least NTD 300 million or 20 percent of the paid-in capital: No such circumstances.
G. Total purchases from or sales to related parties of at least NTD 100 million or 20 percent of the paid-in capital: None.
H. Receivables due from related parities amounting to at least NTD 100 million or 20 percent of the paid-in capital: None.
I. Derivative instruments transactions: Please refer to Note 12(8) for more details.
J. Significant inter Company transactions between consolidated entities: Please refer to table 3 for more details.

(2) Information on investees: Please refer to table 4 for more details.

(3) Information on investments in Mainland China: Please refer to table 5 for more details.

(4) Information on major shareholders: Please refer to table 6 for more details.

14. Segment information

The Company's main business income is the manufacturing, processing, and trading of various adhesive tapes. The operating decision-maker is to review the Company's overall. The overall operating results to make decisions on Company resources and evaluate the performance of the Company should be a single report department.

(1) Industry information

The Company is engaged in the manufacture, processing and trading of adhesive tapes. The main products are OPP and PVC adhesive tapes, among others.
The characteristics and manufacturing process are similar, the market and sales methods are the same, and it is a single industry, so there is no need to disclose the industry information.

(2) Geographical information

Sales to other than consolidated entities

	Years ended December 31,	
	2022	2021
Taiwan	$589,802	$626,185
East Asia	157,288	137,050
Africa	39,046	92,399
Middle East	100,225	115,101
Others	96,656	106,105
Total	$983,017	$1,076,840

Sales are classified by customers' country.

Non-current assets

	December 31,	
	2022	2021
Taiwan	$224,118	$219,764
Mainland China	155,944	168,275
Total	$380,062	$388,039

(3) Major customers information

December 31, 2021

Customer	Sales Amount
Company A	$105,555

None of the individual customer sales exceed 10% net revenue of the company for the year ended December 31, 2022.

Table 1: Financings provided to others, as of year ended December 31, 2022.

Unit: thousands of NTD

No. (Note1)	Financing Company	Related Party	Financial Statement Account	Maximum Balance for the period	Related Party	Ending Balance (Passed by the Board of Directors)	Amount Actually Drawn	Interest rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
0	Globe Industries Corporation \	Globe Adhesive Technology (Zhuhai) Co., Ltd.	Other receivables due from	$61,320 (USD$2,000,000)	Yes	$61,320 (USD$2,000,000)	$-	0.00%	The need for short-term financing	$-	Business turnover	$-	None	$-	$95,359 (Note2)	$381,437 (Note2)

Note1: The numbers filled in for the financings provided by the Company or subsidiaries are as follows:

(1) The Company is "0".

(2) The subsidiaries are numbered in order starting from "1".

Note2: The financing amount limits of the loans of funds between overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares are as follows:

(1) The maximum financing amount shall not exceed 40% of the net worth of the parent company.

(2) The maximum short-term financing amount shall not exceed 20% of the net worth of the parent company.

(3) The financing limit to each individual company shall not exceed 10% of the net worth of the parent company.

Table 2: Marketable securities held (not including subsidiaries, associates and joint ventures)

Unit: thousands of NTD

Held Company Name	Marketable Securities Type and Name (Note 1)	Relationship with the Company (Note 2)	Financial Statement Account	As of December 31, 2022				Remark (Note 4)
				Units	Carrying Value (Note 3)	Percentage of ownership	Fair Value	
Globe Industries Corporation	Hua Nan Phoenix Money Market Fund	—	Current financial assets at fair value through profit and loss	1,826	$30,171	-	$30,171	
	Fubon Chi-Hsiang Money Market Fund	—	〃	2,213	35,209	-	35,209	
	Mega Diamond Money Market Fund	—	〃	1,985	25,298	-	25,298	
	Fuh Hwa Money Market	—	〃	688	10,057	-	10,057	
	PGIM Money Market Fund	—	〃	1,137	18,267	-	18,266	
	KGI Victory Money Market Fund	—	〃	1,294	15,207	-	15,208	
					$134,209	-	$134,209	

Note1: (1) The marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments.'

(2) Do not fill out this column if the security issuer is not a related party.

(3) Among those measured by the fair value, please fill out the Carrying Value column with the book balance after the adjustment of fair value evaluation and the deduction of the accumulated losses.
Among those not measured by the fair value, please fill out the Carrying Value column with the book balance of the original cost or the cost after amortization and the deduction of the accumulated losses.

(4) The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Table 3: Significant intercompany transactions between consolidated entities

Unit: thousands of NTD

No. (Note1)	Company Name	Counterparty	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statement Account	Amount (Note5)	Terms (Note4)	Percentage of Consolidated Net Revenue or Total Assets (%) (Note3)
0	Globe Industries Corporation.	Sky Wealth International Creation Ltd.	1	Purchases	$87,810	-	8.93
0	Globe Industries Corporation.	Sky Wealth International Creation Ltd.	1	Accounts payable	3,980	-	0.34
0	Globe Industries Corporation.	Sky Wealth International Creation Ltd.	1	Sales	4,677	-	0.48
0	Globe Industries Corporation.	Globe Adhesive Technology (Zhuhai) Co., Ltd.	1	Accounts receivable	1,086	-	0.09
0	Globe Industries Corporation.	Globe Adhesive Technology (Zhuhai) Co., Ltd.	1	Purchases	23,259	-	2.37
						-	
1	Sky Wealth International Creation Ltd.	Globe Adhesive Technology (Zhuhai) Co., Ltd.	3	Purchases	87,783	-	8.93
1	Sky Wealth International Creation Ltd.	Globe Adhesive Technology (Zhuhai) Co., Ltd.	3	Accounts payable	3,965	-	0.34

Note1: The intercompany transactions between the parent Company and subsidiaries should be listed separately, the numbers filled in represent:
(1)The Company is "0".
(2)The subsidiaries are numbered in order starting from "1".
Note2: There are three nature of relationship types of intercompany transactions, filled in the column in accordance with the explanation below:
(A same transaction between the parent Company and subsidiary or between subsidiaries need not be disclosed repeatedly.
For example: For the transaction between the parent Company and the subsidiary, if the parent company has disclosed the transaction, then the subsidiary does not need to disclose repeatedly; For the transaction between the subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other subsidiary does not need to disclose repeatedly)
(1)Transactions from the parent Company to the subsidiary is "1".
(2)Transactions from the subsidiary to the parent Company is "2".
(3)Transactions between subsidiaries is "3".
Note3: The calculation of intercompany transaction amount as a percentage to the consolidated net revenue or total assets:
For the balance sheets related accounts: the ending balance divided by the total assets.
For the income statement related accounts: the annual accumulated amount divided by the total net revenue.
Note4: The credit period for sales to non-related parties is 60 to 150 days in monthly basis, and the credit period for related parties is 180 days in monthly basis.
Note5: The above-mentioned purchase amount includes the outward processing amount of NT$4,677 thousand, and it has been written off when preparing the consolidated financial statement.

Table 4 ：(Names, locations and related information of investee companies as of and for year ended December 31, 2022) (Not including investment in Mainland China)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Unit: thousands of NTD

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment		Investment as of year ended December 31, 2022			Net income (loss) of investee Company	Investment income (loss) recognized (Note 1、2)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount (Note 1)			
Globe Industries Corporation.	Sky Wealth International Creation Ltd.	Hong Kong	Trade business	$43 (HKD$10,000)	$43 (HKD$10,000)	10,000	100.00%	$4,880	$464	$464	
Globe Industries Corporation.	Globe Adhesive Technology Corp.	Samoa	Holding Company	324,848 (USD$10,000,000)	324,848 (USD$10,000,000)	10,000,000	100.00%	218,062	(25,524)	(25,524)	
Globe Adhesive Technology Corp.	Rolling Miles Holding Limited.	Samoa	Holding Company	327,779 (USD$10,015,000)	327,779 (USD$10,015,000)	10,000,000	100.00%	218,206	(25,487)	(25,487)	

Note 1: It has been reversed due to the preparation of the consolidated financial statements.
Note 2: The unrealized gross profit from sales has been eliminated from the investment gains and losses recognized in the current period.

Table 5 ：(1) Investment in Mainland China

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Unit: thousands of NTD

Investee Company	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (loss) of investee Company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of year ended December 31, 2022	Accumulated inward remittance of earnings as of year ended December 31, 2022
					Outflow	Inflow						
Globe Adhesive Technology (Zhuhai) Co., Ltd.	Manufacturing, processing, and trading of various adhesive tapes.	$328,747 (USD10,000,000)	(Note1)	$328,747 (USD10,000,000)	$-	$-	$328,747 (USD10,000,000)	$(25,487)	100.00%	$(25,487) (Note 2)	$218,204 (Note 2)	None

Accumulated investment in Mainland China as of December 31, 2022	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
$328,747 (USD10,000,000)	$328,747 (USD10,000,000)	$572,155

Note 1：Reinvest in the mainland company by reinvesting in the existing company in the third region (Rolling Miles Holding Limited).
Note 2：It has been reversed due to the preparation of the consolidated financial statements.

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

a. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

Unit: thousands of NTD

Year	Company name	Purchases Amount	Percentage of total purchases	Ending Accounts Payable Balance	Percentage
2022	Globe Adhesive Technology (Zhuhai) Co., Ltd.	$83,133 (Note1,2)	13.09%	$3,980	3.39%

The price of finished products purchased by the Company through Sky Wealth International Creation Ltd., is based on the product and its purchase price plus its market prices evaluation.

(Note 1): The Company purchases goods from the sub-subsidiary company in mainland China through Sky Wealth International Creation Ltd., and the purchased and sold goods belong to the subcontracted processing part, which is expressed in net amount.

(Note 2): The above purchase amount has been accounted in accordance with outsourcing processing, thus the amount is reduced by NT$4,677 thousand.

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

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

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

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

f. Other transactions that have a material effect on the profit or loss for the period or on the financial position: None.

Table 6 ：The information of major shareholder as of December 31, 2022

Name of Major Shareholder	Shares	
	Number of shares (Units/shares)	Percentage of ownership (%)
Li-Ping Chang	6,579,617	8.75
Te-Ming Chang	6,439,506	8.57
Chitai Investment Co., Ltd	5,959,154	7.93
Daan Investment Co., Ltd	5,953,863	7.92
Yea-Chyi Chang	4,320,934	5.75

Note 1: The information shown in the table above is calculated by TDCC on the last business day of the end of each quarter. The major shareholders information listed in the table above, indicates the shareholders who hold the Company's registered dematerialized-securities (including treasury shares), with a sum of 5% or more of the company's general shares and special shares. There might be a difference between the capital shares that recorded in the Company's financial statements and the actual share numbers of the Company's registered dematerialized-securities that had completed the delivery, due to variations in calculation basis applied.

Note2: If the information mentioned above pertains to a shareholder who transfer the shares to a trust, then the trustors who open trust accounts for the trustees will be disclosed separately. Shareholders holding more than 10% of the shares are required to declare the insider shareholding information in accordance with the Securities and Exchange Law. This declaration of shareholding includes the shareholders' own shares, as well as the shares delivered to the trust in which the shareholders have the power to decide the allocation of trust assets. Please refer to the Market Observation Post System (MOPS) for information on insider shareholding declaration.