

**Shinkong Synthetic Fibers Corporation
and Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SHINKONG SYNTHETIC FIBERS CORPORATION

By

March 13, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Shinkong Synthetic Fibers Corporation

Opinion

We have audited the accompanying consolidated financial statements of Shinkong Synthetic Fibers Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters of the consolidated financial statements for the year ended December 31, 2022 is as follows:

Fraud Risk of Specific Division Sales

The revenue from specific division sales of the Group in 2022 has increased significantly. Therefore, the fraud risk of specific division sales was considered as a key audit matter.

Our audit procedures performed were as follows:

1. We understood the design and implementation of internal control system related to the recognition of sales revenue.
2. We reviewed the original documents related to the recognition of sales revenue by audit sampling.
3. We reviewed the condition of sales returns and discounts after the period by audit sampling.

Other Matter

We have also audited the parent company only financial statements of Shinkong Synthetic Fibers Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Wen-Hsiang Chen and Wen-Yea Shyu.



Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2023

Notice to Readers

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

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

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 40)	\$ 11,189,943	6	\$ 10,284,293	5
Due from the Central Bank and call loans to other banks (Note 7)	3,444,056	2	3,793,632	2
Financial assets at fair value through profit or loss - current (Notes 4, 8 and 40)	1,314,406	1	1,976,206	1
Financial assets at fair value through other comprehensive income - current (Notes 4, 9, 40 and 42)	3,404,662	2	3,550,137	2
Financial assets at amortized cost - current (Notes 4, 10, 40 and 42)	799,701	-	2,040,395	1
Bills and bonds purchased under resale agreements (Notes 4 and 11)	3,306,098	2	5,871,318	3
Other financial assets - current (Notes 40 and 42)	843,196	1	730,471	-
Notes receivable, net (Notes 4, 12, 40 and 41)	2,228,043	1	1,102,055	1
Trade receivables, net (Notes 4, 12, 40 and 41)	14,363,080	8	18,575,811	10
Other receivables (Notes 4, 12 and 40)	624,961	-	672,796	-
Margin loans receivable	6,488,985	4	10,016,630	5
Customer margin accounts	1,810,738	1	1,577,383	1
Inventories (Notes 4 and 13)	6,090,856	3	6,075,052	3
Prepayments	571,473	-	595,465	-
Non-current assets held for sale (Notes 4 and 14)	-	-	-	-
Other current assets (Note 24)	5,640,810	3	11,380,923	6
Discounts and loans, net (Notes 15 and 41)	<u>54,979,683</u>	<u>30</u>	<u>53,200,166</u>	<u>27</u>
Total current assets	<u>117,100,691</u>	<u>64</u>	<u>131,442,733</u>	<u>67</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 8 and 40)	89,408	-	80,978	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 9, 40 and 42)	7,799,829	4	8,749,876	5
Financial assets at amortized cost - non-current (Notes 4, 10, 40 and 42)	18,526,163	10	20,823,809	11
Investments accounted for using the equity method (Notes 4, 17 and 37)	1,436,888	1	1,807,360	1
Other financial assets - non-current (Notes 40 and 42)	134,115	-	125,237	-
Property, plant and equipment (Notes 4, 18 and 42)	20,374,003	11	18,628,275	10
Right-of-use assets (Notes 4, 19 and 41)	3,685,669	2	2,512,811	1
Investment properties (Notes 4, 20 and 42)	2,390,798	2	2,408,075	1
Goodwill (Notes 4 and 21)	280,204	-	279,285	-
Other intangible assets (Note 4 and 22)	151,686	-	14,607	-
Deferred tax assets (Notes 4 and 34)	578,325	1	588,360	-
Other non-current assets (Notes 24 and 42)	8,872,459	5	8,263,767	4
Operating deposits and settlement funds (Note 23)	<u>310,836</u>	<u>-</u>	<u>306,414</u>	<u>-</u>
Total non-current assets	<u>64,630,383</u>	<u>36</u>	<u>64,588,854</u>	<u>33</u>
TOTAL	<u>\$ 181,731,074</u>	<u>100</u>	<u>\$ 196,031,587</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 24, 40, 41 and 42)	\$ 7,857,645	4	\$ 6,094,086	3
Short-term bills payable (Notes 25 and 40)	6,531,577	4	10,488,106	5
Bills and bonds sold under repurchase agreements (Notes 4 and 11)	3,973,804	2	3,889,551	2
Financial liabilities at fair value through profit or loss - current (Notes 4, 8 and 40)	8,140	-	4,992	-
Due to the Central Bank and other banks	3,501,152	2	7,130,334	4
Notes payable (Notes 27 and 40)	164,355	-	223,139	-
Trade payables (Notes 27, 40 and 41)	5,068,235	3	9,638,207	5
Other payables (Notes 29 and 40)	2,690,475	1	2,731,393	1
Securities financing refundable deposits (Note 4)	1,882,667	1	1,454,048	1
Deposits payable for securities financing (Note 4)	1,622,158	1	1,611,569	1
Futures traders' equity	1,810,188	1	1,576,771	1
Current tax liabilities (Notes 4 and 34)	569,404	-	895,594	-
Current portion of long-term borrowings and bonds payable (Notes 4, 25, 26, 40 and 42)	6,328,663	4	4,947,713	3
Lease liabilities - current (Notes 4, 19, 40 and 41)	417,230	-	132,411	-
Other current liabilities (Notes 4 and 29)	1,185,475	1	7,442,134	4
Deposits and remittances (Notes 28 and 41)	71,151,875	39	70,975,252	36
Funds borrowed from the Central Bank and other banks	<u>-</u>	<u>-</u>	<u>399,590</u>	<u>-</u>
Total current liabilities	<u>114,763,043</u>	<u>63</u>	<u>129,634,890</u>	<u>66</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 26 and 40)	6,320,000	4	6,820,000	3
Long-term borrowings (Notes 25, 40 and 42)	10,383,059	6	8,968,108	5
Provisions - non-current (Notes 4, 30 and 31)	251,721	-	488,958	-
Guarantee deposits received (Note 29)	254,554	-	261,923	-
Lease liabilities - non-current (Notes 4, 19, 40 and 41)	1,843,092	1	1,351,992	1
Other non-current liabilities (Notes 4 and 29)	175,303	-	604,991	-
Deferred tax liabilities (Notes 4 and 34)	<u>1,662,427</u>	<u>1</u>	<u>1,582,837</u>	<u>1</u>
Total non-current liabilities	<u>20,890,156</u>	<u>12</u>	<u>20,078,809</u>	<u>10</u>
Total liabilities	<u>135,653,199</u>	<u>75</u>	<u>149,713,699</u>	<u>76</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 32)				
Share capital	<u>16,184,093</u>	<u>9</u>	<u>16,184,093</u>	<u>9</u>
Capital surplus	<u>1,950,312</u>	<u>1</u>	<u>1,946,797</u>	<u>1</u>
Retained earnings				
Legal reserve	2,254,830	1	1,793,632	1
Special reserve	2,328,591	1	2,328,591	1
Unappropriated earnings	<u>9,909,756</u>	<u>6</u>	<u>9,740,444</u>	<u>5</u>
Total retained earnings	<u>14,493,177</u>	<u>8</u>	<u>13,862,667</u>	<u>7</u>
Other equity	<u>2,884,397</u>	<u>1</u>	<u>4,124,832</u>	<u>2</u>
Treasury shares	<u>(29,834)</u>	<u>-</u>	<u>(29,834)</u>	<u>-</u>
Total equity attributable to owners of the Company	35,482,145	19	36,088,555	19
NON-CONTROLLING INTERESTS	<u>10,595,730</u>	<u>6</u>	<u>10,229,333</u>	<u>5</u>
Total equity	<u>46,077,875</u>	<u>25</u>	<u>46,317,888</u>	<u>24</u>
TOTAL	<u>\$ 181,731,074</u>	<u>100</u>	<u>\$ 196,031,587</u>	<u>100</u>

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

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
REVENUE (Notes 4, 17, 33 and 41)				
Interest income	\$ 2,263,130	5	\$ 2,062,707	5
Fee income	1,729,928	4	2,618,047	6
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	-	-	57,559	-
Share of profit of associates and joint ventures	46,741	-	48,129	-
Realized gain on financial assets at fair value through other comprehensive income	27,472	-	37,073	-
Net sales	39,862,180	87	38,294,293	87
Rental revenue	351,018	1	289,216	1
Net gain on disposal of financial assets	235	-	42,674	-
Gain on disposal of property, plant and equipment	3,709	-	-	-
Reversal of impairment loss	52,330	-	-	-
Gain on disposal of investment properties	-	-	42,013	-
Foreign exchange gains	852,066	2	-	-
Unrealized gain on transactions with associates	(9,424)	-	-	-
Other revenue	778,836	1	663,673	1
Gain on disposal of collateral	9,452	-	-	-
Total revenue	<u>45,967,673</u>	<u>100</u>	<u>44,155,384</u>	<u>100</u>
EXPENSES (Notes 4, 12, 13, 17, 18, 33 and 41)				
Finance costs	1,032,314	2	692,438	2
Bad debt expense, commitments and guarantee liability provisions	37,275	-	17,910	-
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	1,568	-	-	-
Cost of goods sold	35,140,080	77	31,996,588	72
Rental costs	63,570	-	56,714	-
Operating expenses				
Selling and marketing expenses	1,834,191	4	1,754,565	4
General and administrative expenses	2,415,655	5	2,579,072	6
Research and development expenses	<u>395,951</u>	<u>1</u>	<u>378,874</u>	<u>1</u>
Total operating expenses	<u>4,645,797</u>	<u>10</u>	<u>4,712,511</u>	<u>11</u>
Loss on disposal of property, plant and equipment	-	-	8,694	-
Impairment loss	-	-	3,295	-
Other expenses	321,542	1	266,689	1
Expected credit loss	31,482	-	107,313	-
Net loss on foreign currency exchange	-	-	248,321	1
Net loss on disposal of foreign operations	-	-	<u>196,949</u>	<u>-</u>
Total expenses	<u>41,273,628</u>	<u>90</u>	<u>38,307,422</u>	<u>87</u>

(Continued)

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 4,694,045	10	\$ 5,847,962	13
INCOME TAX EXPENSE (Notes 4 and 34)	<u>1,073,557</u>	<u>2</u>	<u>1,072,130</u>	<u>2</u>
NET PROFIT FROM CONTINUING OPERATIONS	<u>3,620,488</u>	<u>8</u>	<u>4,775,832</u>	<u>11</u>
NET INCOME FROM DISCONTINUED OPERATIONS	<u>-</u>	<u>-</u>	<u>28,756</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>3,620,488</u>	<u>8</u>	<u>4,804,588</u>	<u>11</u>
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4, 32 and 34)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	10,769	-	64,397	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(980,472)	(2)	1,710,963	4
Share of the other comprehensive (loss) income of associates and joint ventures accounted for using the equity method	(411,344)	(1)	790,492	2
Income tax relating to items that will not be reclassified subsequently to profit or loss	(1,826)	-	(16,287)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	354,008	-	(348,018)	(1)
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	<u>(70,823)</u>	<u>-</u>	<u>(12,970)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(1,099,688)</u>	<u>(3)</u>	<u>2,188,577</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,520,800</u>	<u>5</u>	<u>\$ 6,993,165</u>	<u>16</u>

(Continued)

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,823,787	6	\$ 3,888,416	9
Non-controlling interests	<u>796,701</u>	<u>2</u>	<u>916,172</u>	<u>2</u>
	<u>\$ 3,620,488</u>	<u>8</u>	<u>\$ 4,804,588</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,655,848	3	\$ 6,217,667	14
Non-controlling interests	<u>864,952</u>	<u>2</u>	<u>775,498</u>	<u>2</u>
	<u>\$ 2,520,800</u>	<u>5</u>	<u>\$ 6,993,165</u>	<u>16</u>
EARNINGS PER SHARE (Note 35)				
Basic				
From continuing operations	<u>\$ 1.75</u>		<u>\$ 2.39</u>	
From discontinued operations	<u>\$ -</u>		<u>\$ 0.02</u>	
Diluted				
From continuing operations	<u>\$ 1.75</u>		<u>\$ 2.39</u>	
From discontinued operations	<u>\$ -</u>		<u>\$ 0.02</u>	

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

(Concluded)

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
						Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
						Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2021	\$ 16,184,093	\$ 1,951,573	\$ 1,507,944	\$ 2,720,734	\$ 7,194,403	\$ (226,145)	\$ 2,353,146	\$ (29,834)	\$ 31,655,914	\$ 10,509,331	\$ 42,165,245
Special reserve reversed under the laws	-	-	-	(392,143)	392,143	-	-	-	-	-	-
Appropriation of 2020 earnings											
Legal reserve	-	-	285,688	-	(285,688)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,780,250)	-	-	-	(1,780,250)	-	(1,780,250)
Actual partial acquisition of interests in subsidiaries	-	724	-	-	-	-	-	-	724	(724)	-
Changes in percentage of ownership interest in subsidiaries	-	(5,500)	-	-	-	-	-	-	(5,500)	5,500	-
Net profit for the year ended December 31, 2021	-	-	-	-	3,888,416	-	-	-	3,888,416	916,172	4,804,588
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	49,647	(165,107)	2,444,711	-	2,329,251	(140,674)	2,188,577
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	3,938,063	(165,107)	2,444,711	-	6,217,667	775,498	6,993,165
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,060,272)	(1,060,272)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income/disposals of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	281,773	-	(281,773)	-	-	-	-
BALANCE AT DECEMBER 31, 2021	16,184,093	1,946,797	1,793,632	2,328,591	9,740,444	(391,252)	4,516,084	(29,834)	36,088,555	10,229,333	46,317,888
Appropriation of 2021 earnings											
Legal reserve	-	-	461,198	-	(461,198)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,265,773)	-	-	-	(2,265,773)	-	(2,265,773)
Actual partial acquisition of interests in subsidiaries	-	6,199	-	-	-	-	-	-	6,199	(6,199)	-
Changes in percentage of ownership interest in subsidiaries	-	(2,684)	-	-	-	-	-	-	(2,684)	2,684	-
Net profit for the year ended December 31, 2022	-	-	-	-	2,823,787	-	-	-	2,823,787	796,701	3,620,488
Other comprehensive loss for the year ended December 31, 2022, net of income tax	-	-	-	-	(6,854)	242,785	(1,403,870)	-	(1,167,939)	68,251	(1,099,688)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,816,933	242,785	(1,403,870)	-	1,655,848	864,952	2,520,800
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(495,040)	(495,040)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income/disposals of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	79,350	-	(79,350)	-	-	-	-
BALANCE AT DECEMBER 31, 2022	\$ 16,184,093	\$ 1,950,312	\$ 2,254,830	\$ 2,328,591	\$ 9,909,756	\$ (148,467)	\$ 3,032,864	\$ (29,834)	\$ 35,482,145	\$ 10,595,730	\$ 46,077,875

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

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	\$ 4,694,045	\$ 5,847,962
Income before income tax from discontinued operations	-	18,628
Income before income tax	4,694,045	5,866,590
Adjustments for:		
Depreciation expenses	1,758,952	1,664,037
Amortization expenses	9,171	6,172
Expected credit loss recognized on trade receivables	68,757	125,223
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	1,568	(57,559)
Finance costs	1,032,314	692,438
Interest income	(2,263,130)	(2,069,432)
Share of profit of associates	(46,741)	(48,129)
(Gain) loss on disposal and retirement of property, plant and equipment	(3,709)	8,694
Gain on disposal of investment properties	-	(42,013)
Net gain on disposal of financial assets	(27,707)	(79,747)
Unrealized gain on transactions with associates	9,424	-
Impairment (reversed) loss recognized on property, plant and equipment	(52,330)	3,295
Gain on disposal of collateral	(9,452)	-
Net (gain) loss on foreign currency exchange	(566,738)	11,182
Gain on lease modifications	(14,911)	(406)
Changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank and call loans to other banks	349,576	(273,974)
Decrease (increase) in financial assets at fair value through profit or loss	655,185	(763,060)
Decrease (increase) in notes receivable and trade receivables	4,136,130	(3,170,264)
Decrease (increase) in margin loans receivable	3,527,645	(3,127,113)
Increase in customer margin accounts	(233,355)	(507,353)
Increase in inventories	(15,804)	(2,185,334)
Decrease (increase) in prepayments	27,100	(166,084)
Decrease (increase) in other current assets	5,775,022	(7,632,185)
Increase in discounts and loans	(1,821,166)	(2,641,206)
(Decrease) increase in due to the Central Bank and other banks	(3,629,182)	1,841,724
(Decrease) increase in other payables	(5,227,891)	1,111,590
Increase in securities financing refundable deposits	428,619	73,823
Increase in deposits payable for securities financing	10,589	120,200
Increase in futures traders' equity	233,417	507,329
(Decrease) increase in other current liabilities	(6,255,973)	5,774,120
Increase in deposits and remittances	176,623	1,683,699
Decrease in employee benefits provisions	(228,294)	(94,905)
Cash generated from (used in) operations	2,497,754	(3,368,648)
Interest received	2,261,602	2,144,889

(Continued)

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Interest paid	\$ (981,270)	\$ (691,231)
Income tax paid	<u>(1,303,505)</u>	<u>(643,389)</u>
Net cash generated from (used in) operating activities	<u>2,474,581</u>	<u>(2,558,379)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(517,037)	(3,190,341)
Proceeds from sale of financial assets at fair value through other comprehensive income	613,957	4,216,278
Purchase of financial assets at amortized cost	(79,694,878)	(94,855,634)
Proceeds from sale of financial assets at amortized cost	83,596,204	96,366,856
Acquisition of associates	(4,200)	(249,200)
Net cash outflow on acquisition of subsidiary	(190,028)	-
Payments for property, plant and equipment	(2,263,358)	(2,871,137)
Proceeds from disposal of property, plant and equipment	14,239	13,999
Increase in operating deposits	(4,422)	(12,370)
Increase in refundable deposits	-	(261,750)
Decrease in refundable deposits	84,156	-
Decrease (increase) in other receivables	78,990	(102,335)
Payments for intangible assets	(6,001)	(8,674)
Proceeds from disposal of collateral	55,499	-
Payments for investment properties	(4,559)	(64,368)
Proceeds from disposal of investment properties	-	162,183
Increase in bills and bonds purchased under resale agreements	-	(646,726)
Decrease in bills and bonds purchased under resale agreements	2,565,220	-
Increase in other financial assets	(121,603)	(209,101)
Increase in other assets	(1,803,777)	(808,973)
Dividends received from associates	<u>645</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>2,399,047</u>	<u>(2,521,293)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,697,264	-
Repayments of short-term borrowings	-	(666,671)
Decrease from short-term bills payable	(3,956,529)	-
Proceeds from short-term bills payable	-	3,420,683
Proceeds from issuance of corporate bonds	-	3,720,000
Proceeds from other borrowings	1,584,813	650,612
Proceeds from funds borrowed from the Central Bank and other banks	-	119,940
Decrease from funds borrowed from the Central Bank and other banks	(399,590)	-
Proceeds in bills and bonds sold under repurchase agreements	84,253	-
Decrease in bills and bonds sold under repurchase agreements	-	(592,643)
Decrease from guarantee deposits received	(7,369)	(23,584)
Payment of the principal portion of lease liabilities	(526,556)	(145,390)

(Continued)

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Increase in other non-current liabilities	\$ 13,543	\$ 2,511
Dividends paid to owners of the Company	(2,265,773)	(1,780,250)
Changes in non-controlling interests	<u>(600,880)</u>	<u>(1,060,272)</u>
Net cash (used in) generated from financing activities	<u>(4,376,824)</u>	<u>3,644,936</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>408,846</u>	<u>(152,677)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	905,650	(1,587,413)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>10,284,293</u>	<u>11,871,706</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 11,189,943</u>	<u>\$ 10,284,293</u>

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

(Concluded)

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Shinkong Synthetic Fibers Corporation (“SSF” or the “Company”) was established in the Republic of China (ROC) in 1967 with an initial capital of \$22,500 thousand. As of December 31, 2021, SSF’s paid-in capital had increased to \$16,184,093 thousand. SSF manufactures and sells polyester polymers, polyester staple fibers, polyester textured yarns, polyester chips, pre-oriented yarns, polyester flat yarns, polyethylene terephthalate (PET) resins used in PET bottles and polyester base films. The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since August 1973.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company’s shares are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 13, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors

Except for above impact as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and IFRSs as endorsed and issued into effect by the FSC.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of financial assets at fair value through other comprehensive income or financial assets at fair value through profit or loss or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

See Note 16 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

f. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting the consolidated financial statements, the functional currencies of its foreign operations (including subsidiaries, associates, and branches in other countries or those that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, supplies, semi-finished goods, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates and joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate and joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate and joint venture), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When an entity in the Group transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate and the joint venture that are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. For assets which were held under finance leases before January 1, 2019, if their respective lease terms are shorter than their useful lives, such assets are depreciated over their lease terms. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

Investment properties under construction are measured at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

For a transfer of classification from inventories to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the inception of an operating lease.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditure

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

4) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

m. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

n. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

o. Financial instruments

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

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

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 40.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) 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.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, time deposits with original maturities of more than 3 months, notes receivable, trade receivables and other receivables at amortized cost, margin loans receivable, securities purchased and sold under resale and repurchase agreements and overdue receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when significant financial difficulty of the issuer or the borrower; Breach of contract, such as a default; It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

For securities purchased under resale agreements, the actual amount paid to the counterparty is treated as a financing transaction. For securities sold under repurchase agreements, the actual amount received from the counterparty and the related interest revenue or interest expense is recognized on an accrual basis.

Margin loans pertain to provision of funds to customers for them to buy securities. Margin loans receivable represents the amount loaned to customers. The securities bought by customers are used to secure these loans and are recorded through memo entries as "collateral securities". The collateral securities are returned when the loans are repaid.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables, discounts and loans and lease receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information indicates that the debt is impossible to be repaid.
- ii. When a financial asset is more than a certain period past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

In addition, the MOF regulations also require that credit assets be classified as normal assets, assets that require special mention, substandard assets, assets with doubtful collection, and assets on which there is loss, and the minimum allowance for credit losses and reserve for losses on guarantees for these assets should be 1%, 2%, 10%, 50%, and 100% of outstanding credits, respectively. According to FSC Rule No. 10010006830, the minimum allowance for credit losses and reserve for losses on guarantees for the normal assets should be 1%. According to FSC Rule No. 10300329440, allowance for doubtful accounts should not be lower than 1.5%.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 40.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps, cross-currency swap contracts and convertible bonds assets swap.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of a derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

5) Modification of financial instruments

When a financial instrument is modified, the Group assesses whether the modification will result in derecognition. If modification of a financial instrument results in derecognition, it is accounted for as derecognition of financial assets or liabilities. If the modification does not result in derecognition, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability based on the modified cash flows discounted at the original effective interest rate with any modification gain or loss recognized in profit or loss. The cost incurred is adjusted to the carrying amount of the modified financial asset or financial liability and amortized over the modified remaining period.

For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Group elects to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. When multiple changes are made to a financial asset or a financial liability, the Group first applies the practical expedient to those changes required by interest rate benchmark reform, and then applies the requirements of modification of financial instruments to the other changes that cannot apply the practical expedient.

p. Collaterals assumed

Collaterals assumed by Taipei Star Bank are recorded at the book value and evaluated at fair value at the end of the period. An impairment loss is recognized when the book value of collaterals exceeds the fair value. According to the Rules of the FSC, collaterals are not disposed until the end of statutory holding period, but they must be evaluated for impairment loss.

q. Securities financing guarantee deposits-in and payable for securities financing guarantee

SKIS provides financing to customers for short sale of pledged securities on margin loans or short sale of securities borrowed from securities finance companies. The proceeds from short sale of securities borrowed by customers, net of commissions and securities transaction tax, are retained by SKIS and recorded as “deposit payable for securities financing”. In addition, the SFB requires that customers should make guarantee deposits to the Company or provide securities in lieu of cash deposits, which are recorded as “securities financing guarantee deposits”. The securities borrowed by the customers are recorded by memo entry. The guarantee deposit and the proceeds from short sale of securities will be returned to the customers as the customers redeem their credit.

r. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

s. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from the sale of goods

Sales of goods are recognized as revenue when the goods are delivered to the customer’s specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Service income is recognized when services are provided.

Revenue from a contract to provide services is recognized with reference to the stage of completion of the contract.

3) Dividend and interest income

Dividend income from investments is recognized when the shareholder’s right to receive payment has been established and provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the applicable effective interest rate.

4) Revenue from the finance and securities segment

SKIS, SKIC, SKIA, and SKPIA identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue of Taipei Star Bank is recognized as follows:

a) Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to Taipei Star Bank and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the applicable effective interest rate.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

b) Service fees

Service fees are recorded as income upon receipt and substantial completion of activities involved in the earnings process.

c) Dividend income

Dividend income on investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to Taipei Star Bank and the amount of income can be measured reliably.

t. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

u. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

v. Government grants

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

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the relevant assets and recognized in profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

w. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

x. Employee share options

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

y. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current tax and deferred tax for the period

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

z. Treasury shares

When the Company acquires its outstanding shares that have not been disposed of or retired, treasury shares are stated at cost and shown as a deduction in stockholders' equity. When treasury shares are sold, if the selling price is above the carrying value, the differences should be credited to the capital surplus - treasury stock transactions. If the selling price is below the carrying value, the differences should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, debited to retained earnings. The carrying value of treasury stock is calculated using the weighted-average approach in accordance with the purpose of the acquisition.

When the Company's treasury shares are retired, the treasury stock account should be credited, and the capital surplus - premium on stock and capital stock account should be debited proportionately according to the share ratio. The carrying value of treasury shares in excess of the sum of its par value and premium on stock should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, debited to retained earnings. The sum of the par value and premium on treasury stock in excess of its carrying value should be credited to capital surplus from the same class of treasury stock transactions.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of [the recent development of the COVID-19 and its economic environment implications, the economic environment implications of the military conflict between Russia and Ukraine and related international sanctions when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 1,232,590	\$ 564,764
Checking accounts and demand deposits	5,974,885	5,768,751
Cash equivalents (investments with original maturities not exceeding 3 months)		
Checks for clearance	227,915	287,055
Due from banks	825,272	745,929
Short-term notes	39,864	99,984
Time deposits	<u>2,889,417</u>	<u>2,817,810</u>
	<u>\$ 11,189,943</u>	<u>\$ 10,284,293</u>

The market rate intervals of bank deposits and commercial papers at the end of the reporting period were as follows:

	December 31	
	2022	2021
Bank deposits	0.001%-4.88%	0.001%-2.88%
Commercial papers	1.00%	0.18%

7. DUE FROM CENTRAL BANK AND CALL LOANS TO BANKS

	December 31	
	2022	2021
Deposit reserve account A	\$ 795,521	\$ 1,434,796
Deposit reserve account B	2,247,772	1,958,429
Financial Information Service Center settlement account	<u>400,763</u>	<u>400,407</u>
	<u>\$ 3,444,056</u>	<u>\$ 3,793,632</u>

The deposit reserves are determined monthly at prescribed rates based on the average balances of customers' deposits. The deposit reserve account B is subject to withdrawal restrictions, but other accounts can be withdrawn anytime. Refer to Note 42 for information relating to deposit reserve account B pledged as security on December 31, 2022 and 2021.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Convertible bond assets swaps	\$ 604,748	\$ 434,811
Convertible bonds	6,551	8,096
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (a)	353	181
Foreign exchange contracts (b)	8,373	5,094
Non-derivative financial assets		
Domestic listed shares	41,121	139,002
Emerging market shares	37,529	61,115
Mutual funds	84,838	96,721
Domestic bonds	50,324	50,077
Overseas bonds	82,091	81,588
Short-term financial instruments	<u>398,478</u>	<u>1,099,521</u>
	<u>\$ 1,314,406</u>	<u>\$ 1,976,206</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Limited partnership funds	\$ 58,064	\$ 47,813
Hybrid financial assets		
Puttable preference shares	<u>31,344</u>	<u>33,165</u>
	<u>\$ 89,408</u>	<u>\$ 80,978</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange contracts (b)	<u>\$ 8,140</u>	<u>\$ 4,992</u>

- a. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2022</u>			
Sell	JPY/NTD	2022.12.19-2023.03.20	JPY40,000/NTD8,972
Sell	USD/NTD	2022.12.16-2023.02.23	USD1,000/NTD30,554

December 31, 2021

Sell	USD/NTD	2022.01.03-2022.01.17	USD2,330/NTD64,676
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- b. At the end of the reporting period, outstanding foreign exchange contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2022</u>			
Buy	USD	2023.01.10-2023.08.22	\$ 22,142
	AUD	2023.02.13	1,200
Sell	USD	2023.02.13-2023.02.23	5,825
	JPY	2023.01.13-2023.01.18	1,217,165
	EUR	2023.02.21	600
	GBP	2023.02.16	500
	HKD	2023.02.21	9,723
	NZD	2023.01.10-2023.02.13	1,000

December 31, 2021

Buy	USD	2022.01.12-2022.02.22	42,093
	AUD	2022.02.22	2,100
Sell	USD	2022.02.22	1,504
	RMB	2022.01.12	8,347
	JPY	2022.01.18-2022.01.24	1,137,240
	EUR	2022.01.13	1,700
	GBP	2022.02.22	500
	NZD	2022.01.18	300

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Current</u>		
Investments in equity instruments at FVTOCI	\$ 1,170,428	\$ 1,215,743
Investments in debt instruments at FVTOCI	<u>2,234,234</u>	<u>2,334,394</u>
	<u>\$ 3,404,662</u>	<u>\$ 3,550,137</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 7,799,829</u>	<u>\$ 8,749,876</u>
a. Investments in equity instruments at FVTOCI		

	December 31	
	2022	2021
<u>Current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 1,132,477	\$ 1,179,553
Unlisted shares	<u>37,951</u>	<u>36,190</u>
	<u>\$ 1,170,428</u>	<u>\$ 1,215,743</u>
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 5,661,843	\$ 6,702,581
Unlisted shares	<u>2,101,120</u>	<u>2,003,686</u>
Foreign investments		
Unlisted shares	<u>36,866</u>	<u>43,609</u>
	<u>\$ 7,799,829</u>	<u>\$ 8,749,876</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes; refer to Table 15 for details of the investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

During 2022 and 2021, the Group sold its shares in domestic investments in order to manage credit concentration risk. The sold shares had a fair value of \$137,688 thousand and \$437,867 thousand and the Group transferred a gain of \$78,927 thousand and \$279,868 thousand, respectively, from other equity to retained earnings.

Refer to Note 42 for information relating to investments in equity instruments at FVTOCI pledged as security.

b. Investments in debt instruments at FVTOCI

	December 31	
	2022	2021
<u>Current</u>		
Domestic investments		
Corporate bonds	\$ 1,866,906	\$ 1,932,089
Government Bonds	275,126	-
Financial debentures	<u>92,202</u>	<u>402,305</u>
	<u>\$ 2,234,234</u>	<u>\$ 2,334,394</u>

- 1) The investments in debt instruments at FVTOCI under repurchase agreements as of December 31, 2022 and 2021 amounted to \$0 thousand and \$110,760 thousand, respectively.
- 2) During 2022 and 2021, the expected credit (gain) loss on debt instruments of \$(212) thousand and \$138 thousand, respectively, were recognized as an impairment (reversal) loss after the Group evaluated expected credit loss on investments in debt instruments at FVTOCI.
- 3) Refer to Note 45 for information relating to their credit risk management and impairment.

10. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months (a)	<u>\$ 799,701</u>	<u>\$ 2,040,395</u>
<u>Non-current</u>		
Domestic investments		
Government bonds (b)	\$ 4,241,320	\$ 4,235,310
Corporate bonds (b)	6,245,963	6,182,315
Financial bonds (b)	2,593,547	2,065,564
Bills (b)	<u>5,450,000</u>	<u>8,345,000</u>
	18,530,830	20,828,189
Less: Allowance for impairment loss	<u>(4,667)</u>	<u>(4,380)</u>
	<u>\$ 18,526,163</u>	<u>\$ 20,823,809</u>

- a. The interest rates for time deposits with original maturities of more than 3 months were 0.3%-4.75% and 0.08%-0.815% as of December 31, 2022 and 2021, respectively.
- b. The investments in debt instruments at amortized cost under repurchase agreements as of December 31, 2022 and 2021 amounted to \$4,090,532 thousand and \$3,788,070 thousand, respectively.
- c. The investments in debt instruments at amortized cost used as reserves for trust fund compensation provision as of December 31, 2022 and 2021 amounted to \$50,000 thousand, and \$50,000 thousand, respectively.

- d. Refer to Note 42 for information relating to the investments in debt instruments at amortized cost used as interbank loan and overdraft pledged as security.
- e. During 2022 and 2021, the expected credit loss on debt instruments of \$197 thousand and \$530 thousand, respectively, was recognized after the Group evaluated expected credit loss on investments in debt instruments at amortized cost.
- f. Refer to Note 45 for information relating to their credit risk management and impairment assessment.
- g. Refer to Note 42 for information relating to investments in financial assets at amortized cost pledged as security.

11. BILLS AND BONDS PURCHASED UNDER RESALE AGREEMENTS

Bills and Bonds Purchased under Resale Agreements

	December 31	
	2022	2021
Notional amounts	\$ 3,306,098	\$ 5,871,318
Interest rate	1.31%-2.55%	-0.23%-0.35%
Agreed resale price	\$ 3,307,246	\$ 5,871,831

Bills and Bonds Issued under Redemption Agreements

	December 31	
	2022	2021
Notional amounts	\$ 3,973,804	\$ 3,889,551
Interest rate	1.09%-4.92%	0.26%-0.38%
Agreed redemption price	\$ 3,982,148	\$ 3,890,699

12. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 2,228,043	\$ 1,102,077
Less: Allowance for impairment loss	<u>-</u>	<u>(22)</u>
	<u>\$ 2,228,043</u>	<u>\$ 1,102,055</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 14,561,656	\$ 18,840,370
Less: Allowance for impairment loss	<u>(198,576)</u>	<u>(264,559)</u>
	<u>\$ 14,363,080</u>	<u>\$ 18,575,811</u>

(Continued)

	December 31	
	2022	2021
<u>Other receivables</u>		
Loan receivables - fixed rate	\$ 7,800	\$ 139,800
Others	<u>617,161</u>	<u>532,996</u>
	<u>\$ 624,961</u>	<u>\$ 672,796</u>
		(Concluded)

a. Trade receivables

Credit periods are typically provided in the Group's sales agreements. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits. Credit limits and scores attributed to customers are reviewed regularly.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the trade receivables are past due. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's credit classification matrix.

December 31, 2022

	Credit Classification - Type A	Credit Classification - Type B	Credit Classification - Type C	Credit Classification - Type D	Credit Classification - Type E	Total
Expected credit loss rate	0%-2%	4%	15%	50%	100%	
Gross carrying amount	\$ 2,425,134	\$ 421,819	\$ 3,604	\$ -	\$ -	\$ 2,850,557
Loss allowance (Lifetime ECLs)	<u>(45,677)</u>	<u>(16,873)</u>	<u>(541)</u>	<u>-</u>	<u>-</u>	<u>(63,091)</u>
Amortized cost	<u>\$ 2,379,457</u>	<u>\$ 404,946</u>	<u>\$ 3,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,787,466</u>

December 31, 2021

	Credit Classification - Type A	Credit Classification - Type B	Credit Classification - Type C	Credit Classification - Type D	Credit Classification - Type E	Total
Expected credit loss rate	0%-2%	4%	15%	50%	100%	
Gross carrying amount	\$ 4,112,332	\$ 926,276	\$ 10,000	\$ 1,664	\$ -	\$ 5,050,272
Loss allowance (Lifetime ECLs)	<u>(40,954)</u>	<u>(37,051)</u>	<u>(1,500)</u>	<u>(832)</u>	<u>-</u>	<u>(80,337)</u>
Amortized cost	<u>\$ 4,071,378</u>	<u>\$ 889,225</u>	<u>\$ 8,500</u>	<u>\$ 832</u>	<u>\$ -</u>	<u>\$ 4,969,935</u>

The aging of receivables was as follows:

	December 31	
	2022	2021
Not past due	\$ 2,363,688	\$ 4,197,800
Past due 1- 90 days	475,189	840,608
Past due 91-180 days	11,680	10,000
Past due 181-360 days	-	1,864
Past due over 360 days (Note)	<u>-</u>	<u>-</u>
	<u>\$ 2,850,557</u>	<u>\$ 5,050,272</u>

Note: The above aging schedule was based on the number of past due days from the end of the credit term.

The following table details the loss allowance of trade receivables based on the Group's aging provision matrix.

December 31, 2022

	Up to 60 Days	61 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0%-44.85%	0%-100%	100%	
Gross carrying amount	\$ 4,025,681	\$ 3,919	\$ 15,038	\$ 4,044,638
Loss allowance (Lifetime ECLs)	<u>(16,055)</u>	<u>(3,919)</u>	<u>(15,038)</u>	<u>(35,012)</u>
Amortized cost	<u>\$ 4,009,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,009,626</u>

December 31, 2021

	Up to 60 Days	61 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0%-31.40%	0%-100%	100%	
Gross carrying amount	\$ 7,306,163	\$ -	\$ 8,241	\$ 7,314,404
Loss allowance (Lifetime ECLs)	<u>(26,771)</u>	<u>-</u>	<u>(8,241)</u>	<u>(35,012)</u>
Amortized cost	<u>\$ 7,279,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,279,392</u>

The following table details the loss allowance of current and non-current trade receivables based on the Group's provision matrix.

December 31, 2022

1) General case

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	Over 61 Days Past Due	Total
Expected credit loss rate	0%-0.74%	0.01%-1.57%	1.57%-15.45%	100%	
Gross carrying amount	\$ 14,589,480	\$ 162,953	\$ 21,579	\$ -	\$ 14,774,012
Loss allowance (Lifetime ECLs)	<u>(149,235)</u>	<u>(1,346)</u>	<u>(1,564)</u>	<u>-</u>	<u>(152,145)</u>
Amortized cost	<u>\$ 14,440,245</u>	<u>\$ 161,607</u>	<u>\$ 20,015</u>	<u>\$ -</u>	<u>\$ 14,621,867</u>

2) Redemption case

	Not Past Due 1 Year	1 to 2 Years Past Due	2 to 3 Years Past Due	3 to 4 Years Past Due	4 to 5 Years Past Due	Total
Expected credit loss rate	0%-53.89%	53.17%-70.54%	70.03%-82.68%	81.93%-91.79%	100%	
Gross carrying amount	\$ 66,470	\$ 45,686	\$ 43,369	\$ 39,715	\$ 129,394	\$ 324,634
Loss allowance (Lifetime ECLs)	<u>(35,385)</u>	<u>(32,200)</u>	<u>(35,807)</u>	<u>(36,389)</u>	<u>(129,394)</u>	<u>(269,175)</u>
Amortized cost	<u>\$ 31,085</u>	<u>\$ 13,486</u>	<u>\$ 7,562</u>	<u>\$ 3,326</u>	<u>\$ -</u>	<u>\$ 55,459</u>

December 31, 2021

1) General case

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	Over 61 Days Past Due	Total
Expected credit loss rate	0%-1.57%	0.82%-16.21%	1.08%-100%	100%	
Gross carrying amount	\$ 12,909,109	\$ 120,364	\$ 11,161	\$ 148	\$ 13,040,782
Loss allowance (Lifetime ECLs)	<u>(130,159)</u>	<u>(1,413)</u>	<u>(1,072)</u>	<u>(148)</u>	<u>(132,792)</u>
Amortized cost	<u>\$ 12,778,950</u>	<u>\$ 118,951</u>	<u>\$ 10,089</u>	<u>\$ -</u>	<u>\$ 12,907,990</u>

2) Redemption case

	Not Past Due 1 Year	1 to 2 Years Past Due	2 to 3 Years Past Due	3 to 4 Years Past Due	4 to 5 Years Past Due	Total
Expected credit loss rate	0%-53.05%	52.87%-70.92%	70.39%-83.29%	83.29%-94.07%	100%	
Gross carrying amount	\$ 61,485	\$ 51,232	\$ 45,192	\$ 36,379	\$ 102,179	\$ 296,467
Loss allowance (Lifetime ECLs)	<u>(32,518)</u>	<u>(32,291)</u>	<u>(37,496)</u>	<u>(33,674)</u>	<u>(102,179)</u>	<u>(242,158)</u>
Amortized cost	<u>\$ 28,967</u>	<u>\$ 14,941</u>	<u>\$ 7,696</u>	<u>\$ 2,705</u>	<u>\$ -</u>	<u>\$ 54,309</u>

The movements of the loss allowance of current and non-current trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 490,321	\$ 391,470
Add: Net remeasurement of loss allowance	31,603	104,698
Less: Amounts written off	(3,266)	(4,775)
Foreign exchange differences	<u>765</u>	<u>(1,072)</u>
Balance at December 31	<u>\$ 519,423</u>	<u>\$ 490,321</u>

b. Other receivables - loans receivable

The interest rates and the amounts due on contractual maturity dates of fixed rate loans receivable were as follows:

	December 31	
	2022	2021
Fixed rate		
Less than one year	\$ <u>7,800</u>	\$ <u>139,800</u>

The effective interest rates of loans receivable which are the same as coupon rates were as follows:

	December 31	
	2022	2021
Fixed rate	5%	3.8%-4%

13. INVENTORIES

	December 31	
	2022	2021
Finished goods	\$ 3,119,025	\$ 3,030,979
Work in progress	409,124	511,844
Raw materials	1,948,071	2,205,921
Semi-finished goods	127,068	164,913
Inventory in transit	10,769	24,267
Construction in progress	<u>476,799</u>	<u>137,128</u>
	<u>\$ 6,090,856</u>	<u>\$ 6,075,052</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$35,140,080 thousand and \$31,996,588 thousand, respectively. The cost of goods sold included inventory write-downs of \$104,007 thousand and \$19,627 thousand, respectively.

14. NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The subsidiaries of the Group, Hangzhou Huachun Chemical Fiber Co., Ltd. and Shinkong Industry (Hangzhou) Co., Ltd., signed a relocation agreement with Urban Renewal Center of Hangzhou Qiantang New Area, Hangzhou, People's Republic of China in December 2019.

The relocation of Hangzhou Huachun Chemical Fiber Co., Ltd. and Shinkong Industry (Hangzhou) Co., Ltd. was completed in 2020 and received a compensation of \$3,386,380 thousand (RMB781,890 thousand).

The relocation of Hangzhou Huachun Chemical Fiber Co., Ltd. and Shinkong Industry (Hangzhou) Co., Ltd. was completed its liquidation procedures in February and July 2021.

	For the Year Ended December 31, 2021
Operating revenue	\$ -
Operating costs	<u>-</u>
Gross loss	-
Selling and marketing expenses	-
General and administrative expenses	<u>(2,037)</u>
Loss from operations	(2,037)
Other income	1,337
Other gains	<u>19,328</u>
Profit before tax	18,628
Income tax profit	<u>10,128</u>
Profit from discontinued operations	<u>\$ 28,756</u>
Profit from discontinued operations attributable to:	
Owners of the Company	\$ 29,050
Non-controlling interests	<u>(294)</u>
	<u>\$ 28,756</u>
Cash flows	
Operating activities	\$ (64,290)
Investing activities	21,910
Financing activities	<u>(1,384,663)</u>
Net cash outflows	<u>\$ (1,427,043)</u>

15. DISCOUNTS AND LOANS

	December 31	
	2022	2021
Short-term secured overdrafts	\$ 1,758,099	\$ 1,690,584
Short-term loans	675,246	488,928
Short-term secured loans	2,718,660	3,025,057
Medium-term loans	1,586,051	1,355,991
Medium-term secured loans	35,147,219	32,653,816
Long-term loans	23,281	13,640
Long-term secured loans	13,662,961	14,494,014
Nonperforming loans	<u>94,103</u>	<u>111,653</u>
	55,665,620	53,833,683
Add: Premium (discount) adjustment	(21,526)	(18,214)
Less: Allowance for impairment loss	<u>(664,411)</u>	<u>(615,303)</u>
	<u>\$ 54,979,683</u>	<u>\$ 53,200,166</u>

- a. The nonperforming loans of Taipei Star Bank in the amounts of \$94,103 thousand and \$111,653 thousand as of December 31, 2022 and 2021, respectively, were no longer generating interest revenue.
- b. All unpaid credit extensions of Taipei Star Bank have been repaid as of December 31, 2022 and 2021.

- c. The movements of the loss allowance of loans for the years ended December 31, 2022 and 2021 were as follows:

In 2022

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Non- purchased or Originated Credit- impaired Financial Assets)	Impairment Loss Recognized under IFRSs 9	Difference of Impairment Loss Recognized	Total
Balance at January 1, 2022	\$ 35,574	\$ 5,636	\$ 15,242	\$ 56,452	\$ 558,851	\$ 615,303
Changes in financial instruments recognized at the beginning of the current year						
Transferred to						
Lifetime ECLs	(42)	160	-	118	-	118
Credit-impaired financial assets	(11)	(8)	4,655	4,636	-	4,636
12-month ECLs	11	(30)	(1,033)	(1,052)	-	(1,052)
Derecognition of financial assets in the current year	(17,284)	(27)	(6,526)	(23,837)	-	(23,837)
New financial assets purchased or originated	29,338	758	4,153	34,249	-	34,249
Difference of impairment loss recognized under regulations	-	-	-	-	41,214	41,214
Write-offs	-	-	-	-	-	-
Recovery of written-off receivables	-	-	-	-	-	-
Change in exchange rates or others	(5,871)	(557)	208	(6,220)	-	(6,220)
Balance at December 31, 2022	<u>\$ 41,715</u>	<u>\$ 5,932</u>	<u>\$ 16,699</u>	<u>\$ 64,346</u>	<u>\$ 600,065</u>	<u>\$ 664,411</u>

In 2021

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Non- purchased or Originated Credit- impaired Financial Assets)	Impairment Loss Recognized under IFRSs 9	Difference of Impairment Loss Recognized	Total
Balance at January 1, 2021	\$ 34,196	\$ 190	\$ 85,584	\$ 119,970	\$ 467,866	\$ 587,836
Changes in financial instruments recognized at the beginning of the current year						
Transferred to						
Lifetime ECLs	(75)	98	-	23	-	23
Credit-impaired financial assets	(25)	(33)	9,085	9,027	-	9,027
12-month ECLs	5	(45)	-	(40)	-	(40)
Derecognition of financial assets in the current year	(21,326)	(28)	(81,419)	(102,773)	-	(102,773)

(Continued)

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Non- purchased or Originated Credit- impaired Financial Assets)	Impairment Loss Recognized under IFRSs 9	Difference of Impairment Loss Recognized	Total
New financial assets purchased or originated	\$ 27,142	\$ 5,494	\$ 2,569	\$ 35,205	\$ -	\$ 35,205
Difference of impairment loss recognized under regulations	-	-	-	-	90,985	90,985
Write-offs	-	-	(3,017)	(3,017)	-	(3,017)
Recovery of written-off receivables	-	-	-	-	-	-
Change in exchange rates or others	(4,343)	(40)	2,440	(1,943)	-	(1,943)
Balance at December 31, 2021	<u>\$ 35,574</u>	<u>\$ 5,636</u>	<u>\$ 15,242</u>	<u>\$ 56,452</u>	<u>\$ 558,851</u>	<u>\$ 615,303</u> (Concluded)

16. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2022	2021	
Shinkong Synthetic Fibers Corporation (SSF)	Pan Asian Plastics Corp. (PAP)	Manufacturing and sale of polyester pellets and polyester preforms	100.00	100.00	
SSF	Hsingshing Investment Co., Ltd. (HSI)	Investment in and construction of business and public housing	100.00	100.00	
SSF	Shinkong Engineering Co., Ltd. (SKE)	Contracting for various projects such as air pollution prevention, piping engineering and machine installation	100.00	100.00	
SSF and PAP	Shinpont Industry Inc. (SPI)	Manufacturing of synthetic fibers, wholesale and retail sale of textiles	50.00	50.00	2)
SSF	Shin Chiun Industrial Co., Ltd. (SEC)	Investment and others	100.00	100.00	
SSF	Maxima Pacific Ltd. (MPL)	Investment	100.00	100.00	
SSF	SSFC Investment Ltd. (SSFC)	Investment	100.00	100.00	
SSF	VSK GLOBAL, LLC. (VSK)	Investment	-	-	3)
SSF	UBright Optronics Corp. (UBO)	Precision chemical materials and mold manufacturing wholesale, etc.	59.77	58.43	2)
SSF, HSI and HAM	Shinkong Polyester Film Corp., Ltd. (SPF)	Electronic parts and components manufacturing	100.00	100.00	
SSF	Shinkong International Securities Co., Ltd. (SKIS)	Consignment trading of securities and futures	77.73	77.73	
SSF	Pan Asian Plastics Industry Corp.(PAPI)	Precision chemical materials and electronic parts and components manufacturing	100.00	100.00	
SSF and SEC	Tac Bright Optronics Corp. (TBO)	Precision chemical materials - synthetic resin and plastic manufacturing	59.06	59.06	2)
SSF	Taipei Star Bank	Commercial bank	27.07	27.07	2)
SSF	Hsinshin Asset Management Co., Ltd. (HAM)	Housing and building development for sale and rental	100.00	100.00	
SSF	Shin Kong International Leasing Corp. (SKIL)	Leasing	100.00	100.00	
SSF	Shin Kong Technologies Corporation (SKT)	Electronic Information Software Business	100.00	100.00	
SSF and Far Trust	OTOBUY Co., Ltd. (OTOBUY)	Other machinery equipment manufacturing	100.00	100.00	
SSF	Shin Kong Applied Materials Co., Ltd. (SKAM)	Other chemical materials manufacturing	73.33	73.33	
SSF	Shinkong Fintech Co., Ltd. (SKF)	Information software service	100.00	100.00	5)
SSF and SKIL	Far Trust International Finance Co., Ltd. (Far Trust)	Overdue receivables management service	51.03	51.03	2)
SSF	Shinkong Youth Co., Ltd. (SKY)	Manufacture and sale of chemical fiber and plastic related products	100.00	-	8)
SSF	SHINKONG VIETNAM LLC. (SKV)	Manufacture and sale of chemical fiber and plastic related products	100.00	-	9)

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2022	2021	
MPL	Thai Shinkong Industry Corporation Ltd. (TSI)	Manufacturing and sales of plastic, polyester film, and PET	62.04	62.04	2) 12)
SSFC	Dayspring Ltd. (Dayspring)	Investment	100.00	100.00	
SSFC	Shinkong Industry (Hangzhou) Co., Ltd. (SKI)	Manufacturing and sales of plastic, polyester film, and PET	-	-	6)
SSFC	Shinkong Applied Materials (Jiangsu) Company Limited (SKJS)	Sale of synthetic materials, fibers and manufacturing of plastic product	100.00	100.00	
Dayspring	Hangzhou Huachun Chemical Fiber Co., Ltd. (HZC)	Chemical fiber weaving, printing and dyeing	-	-	7)
TBO	Maxpro Ltd. (MPO)	Investment	100.00	100.00	
MPO	Lofo Holding GmbH (LFHO)	Investment	100.00	100.00	
SSF	Chi Jian Human-Resource & Management Co., Ltd. (CJH)	Human resources management consulting	100.00	100.00	1)
SKIS	Shin Kong Investment Consultant Co., Ltd. (SKIC)	Securities investment consulting	100.00	100.00	
SKIS	Shin Kong Insurance Agent Co., Ltd. (SKIA)	Life insurance agent	100.00	100.00	
SKIS	Shin Kong Property Insurance Agency Co., Ltd. (SKPIA)	Property insurance agent	100.00	100.00	
PAP	Hsin Lung Chemical Co., Ltd. (HLC)	Manufacturing of magnetic tapes for recording and video disks and polyester film	93.80	93.80	
SEC	Intelligent Medical Big Data Co., Ltd. (IMBD)	Consulting, biotechnology research and development services	83.33	83.33	
SKT	Shin Kong Innovations Co., Ltd. (SKIN)	Electronic Information Software Business	66.67	66.67	
Far Trust	Far Trust International Leasing Co., Ltd. (Far Trust Leasing)	Overdue receivables management service	100.00	100.00	
Far Trust	Far Trust Car Rental Co., Ltd. (Far Trust Car Rental)	Car Rental	100.00	100.00	
SKIL	Shinkong Power Service Corporation (SKPS)	Solar industry business	70.00	70.00	
SKIL	Jin Liang Power Service Co., Ltd. (JLP)	Solar industry business	70.00	-	10)
SKIL	Shinkong Energy Service Corporation (SKES)	Solar industry business	100.00	-	11)
UBO	Rise Concept Enterprises Limited (RCE)	Investment	100.00	100.00	
RCE	Suzhou Ubright Optronics (SUBO)	Brightness Enhancement Film Cutting	100.00	100.00	4)
(Concluded)					

(Concluded)

Remarks:

- 1) It is an immaterial subsidiary; its financial statements have not been audited. Management believes there will be no material impact even if the financial statements were to be audited.
- 2) It is a subsidiary that has material non-controlling interests.
- 3) In November 2021, VSK GLOBAL, LLC. completed its liquidation procedures.
- 4) In January 2021, Suzhou Ubright Optronics was established by Rise Concept Enterprises Limited through issuance of ordinary shares for cash, with a shareholding percentage of 100.00%.
- 5) In April 2021, ShinKong Fintech Co., Ltd. was established by Shinkong Synthetic Fibers Corporation through issuance of ordinary shares for cash, with a shareholding percentage of 100.00%.
- 6) Shinkong Industry (Hangzhou) Co., Ltd. completed its liquidation procedures in July 2021.
- 7) Hangzhou Huachun Chemical Fiber Co., Ltd. completed its liquidation procedures in February 2021.
- 8) In March 2022, Shinkong Youth Co., Ltd. was established by Shinkong Synthetic Fibers Corporation through issuance of ordinary shares for cash, with a shareholding percentage of 100.00%.
- 9) In March 2022, SHINKONG VIETNAM LLC. was established by Shinkong Synthetic Fibers Corporation through issuance of ordinary shares for cash, with a shareholding percentage of 100.00%.

- 10) In April 2022, Shin Kong International Leasing Corp. acquired the equity shares of Jin Liang Power Service Co., Ltd. in cash with a shareholding percentage of 70%. Refer to Note 37 for information relating to business combinations.
- 11) In December 2022, Shinkong Energy Service Corporation was established by Shin Kong International Leasing Corp. through issuance of ordinary shares for cash, with a shareholding percentage of 100.00%.
- 12) For the purpose of organizational restructuring, Virgin Islands MAXIMA PACIFIC LTD disposed of 62.04% of their interest in Thai Shinkong Industry Corporation Ltd. to Shinkong Synthetic Fibers Corporation in December 2022.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2022	2021
Shinpont Industry Inc. (SPI)	50.00%	50.00%
UBright Optronics Corp. (UBO)	40.23%	41.57%
Tac Bright Optronics Corp. (TBO)	40.94%	40.94%
Taipei Star Bank	72.93%	72.93%
Thai Shinkong Industry Corporation Ltd. (TSI)	37.96%	37.96%
Far Trust International Finance Co., Ltd. (Far Trust)	48.97%	48.97%

See Table 6 for information on places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended		December 31	
	2022	2021	2022	2021
Tac Bright Optronics Corp. (TBO)	\$ (9,346)	\$ 30,122	\$ 1,033,452	\$ 1,042,798
UBright Optronics Corp. (UBO)	114,127	125,750	1,343,712	1,381,527
Shinpont Industry Inc. (SPI)	123,427	162,980	528,106	551,361
Taipei Star Bank	161,519	161,084	4,175,956	4,165,390
Thai Shinkong Industry Corporation Ltd. (TSI)	153,118	66,003	1,598,673	1,350,024
Far Trust International Finance Co., Ltd. (Far Trust)	37,523	40,284	617,643	598,981
Others	<u>216,333</u>	<u>329,949</u>	<u>1,298,188</u>	<u>1,139,252</u>
	<u>\$ 796,701</u>	<u>\$ 916,172</u>	<u>\$ 10,595,730</u>	<u>\$ 10,229,333</u>

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

TBO and TBO's subsidiaries

	December 31	
	2022	2021
Current assets	\$ 721,526	\$ 730,086
Non-current assets	3,333,434	3,701,746
Current liabilities	(918,894)	(1,113,437)
Non-current liabilities	<u>(694,886)</u>	<u>(854,386)</u>
Equity	<u>\$ 2,441,180</u>	<u>\$ 2,464,009</u>
Equity attributable to:		
Owners	\$ 1,407,728	\$ 1,421,211
Non-controlling interests	<u>1,033,452</u>	<u>1,042,798</u>
	<u>\$ 2,441,180</u>	<u>\$ 2,464,009</u>
	For the Year Ended December 31	
	2022	2021
Revenue	<u>\$ 1,171,236</u>	<u>\$ 1,795,514</u>
(Loss) profit for the year	\$ (22,829)	\$ 73,576
Other comprehensive (loss) income for the year	<u>-</u>	<u>(3)</u>
Total comprehensive (loss) income for the year	<u>\$ (22,829)</u>	<u>\$ 73,573</u>
(Loss) profit attributable to:		
Owners	\$ (13,483)	\$ 43,454
Non-controlling interests	<u>(9,346)</u>	<u>30,122</u>
	<u>\$ (22,829)</u>	<u>\$ 73,576</u>
Total comprehensive income attributable to:		
Owners	\$ (13,483)	\$ 43,452
Non-controlling interests	<u>(9,346)</u>	<u>30,121</u>
	<u>\$ (22,829)</u>	<u>\$ 73,573</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 282,569	\$ 473,531
Investing activities	(50,886)	(63,377)
Financing activities	<u>(257,454)</u>	<u>(414,502)</u>
Net cash outflow	<u>\$ (25,771)</u>	<u>\$ (4,348)</u>

UBO and UBO's subsidiaries

	December 31	
	2022	2021
Current assets	\$ 3,248,578	\$ 3,245,156
Non-current assets	928,289	1,074,186
Current liabilities	(550,423)	(676,552)
Non-current liabilities	<u>(338,530)</u>	<u>(365,003)</u>
Equity	<u>\$ 3,287,914</u>	<u>\$ 3,277,787</u>
Equity attributable to:		
Owners	\$ 1,944,202	\$ 1,896,260
Non-controlling interests	<u>1,343,712</u>	<u>1,381,527</u>
	<u>\$ 3,287,914</u>	<u>\$ 3,277,787</u>
	For the Year Ended December 31	
	2022	2021
Revenue	<u>\$ 2,292,251</u>	<u>\$ 2,962,247</u>
Profit for the year	\$ 287,452	\$ 291,699
Other comprehensive (loss) income for the year	<u>(24,774)</u>	<u>3,166</u>
Total comprehensive income for the year	<u>\$ 262,678</u>	<u>\$ 294,865</u>
Profit attributable to:		
Owners	\$ 173,325	\$ 165,949
Non-controlling interests	<u>114,127</u>	<u>125,750</u>
	<u>\$ 287,452</u>	<u>\$ 291,699</u>
Total comprehensive income attributable to:		
Owners	\$ 158,514	\$ 167,847
Non-controlling interests	<u>104,164</u>	<u>127,018</u>
	<u>\$ 262,678</u>	<u>\$ 294,865</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 510,097	\$ 424,280
Investing activities	(20,812)	(197,598)
Financing activities	<u>(296,633)</u>	<u>(181,118)</u>
Net cash inflow	<u>\$ 192,652</u>	<u>\$ 45,564</u>

SPI

	December 31	
	2022	2021
Current assets	\$ 917,634	\$ 1,009,629
Non-current assets	276,568	362,918
Current liabilities	(66,633)	(178,910)
Non-current liabilities	<u>(71,357)</u>	<u>(90,915)</u>
Equity	<u>\$ 1,056,212</u>	<u>\$ 1,102,722</u>
Equity attributable to:		
Owners	\$ 528,106	\$ 551,361
Non-controlling interests	<u>528,106</u>	<u>551,361</u>
	<u>\$ 1,056,212</u>	<u>\$ 1,102,722</u>
	For the Year Ended December 31	
	2022	2021
Revenue	<u>\$ 956,729</u>	<u>\$ 1,449,801</u>
Profit for the year	\$ 246,854	\$ 325,960
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 246,854</u>	<u>\$ 325,960</u>
Profit attributable to:		
Owners	\$ 123,427	\$ 162,980
Non-controlling interests	<u>123,427</u>	<u>162,980</u>
	<u>\$ 246,854</u>	<u>\$ 325,960</u>
Total comprehensive income attributable to:		
Owners	\$ 123,427	\$ 162,980
Non-controlling interests	<u>123,427</u>	<u>162,980</u>
	<u>\$ 246,854</u>	<u>\$ 325,960</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 517,452	\$ 389,170
Investing activities	(102,207)	-
Financing activities	<u>(335,568)</u>	<u>(296,528)</u>
Net cash inflow	<u>\$ 79,677</u>	<u>\$ 92,642</u>

Taipei Star Bank

	December 31	
	2022	2021
Current assets	\$ 86,510,371	\$ 89,888,730
Non-current assets	2,168,806	2,230,394
Current liabilities	(80,555,402)	(84,199,991)
Non-current liabilities	<u>(2,392,379)</u>	<u>(2,202,224)</u>
Equity	<u>\$ 5,731,396</u>	<u>\$ 5,716,909</u>
Equity attributable to:		
Owners	\$ 1,555,440	\$ 1,551,519
Non-controlling interests	<u>4,175,956</u>	<u>4,165,390</u>
	<u>\$ 5,731,396</u>	<u>\$ 5,716,909</u>
	For the Year Ended December 31	
	2022	2021
Revenue	<u>\$ 1,570,097</u>	<u>\$ 1,352,463</u>
Profit for the year	\$ 221,369	\$ 220,864
Other comprehensive (loss) income for the year	<u>(52,811)</u>	<u>50,524</u>
Total comprehensive income for the year	<u>\$ 168,558</u>	<u>\$ 271,388</u>
Profit attributable to:		
Owners	\$ 59,850	\$ 59,780
Non-controlling interests	<u>161,519</u>	<u>161,084</u>
	<u>\$ 221,369</u>	<u>\$ 220,864</u>
Total comprehensive income attributable to:		
Owners	\$ 45,556	\$ 73,455
Non-controlling interests	<u>123,002</u>	<u>197,933</u>
	<u>\$ 168,558</u>	<u>\$ 271,388</u>
Net cash (outflow) inflow from:		
Operating activities	\$ (4,699,730)	\$ (612,025)
Investing activities	2,767,860	464,991
Financing activities	<u>(583,733)</u>	<u>241,237</u>
Net cash (outflow) inflow	<u>\$ (2,515,603)</u>	<u>\$ 94,203</u>

TSI

	December 31	
	2022	2021
Current assets	\$ 1,859,355	\$ 2,420,643
Non-current assets	3,527,297	1,926,123
Current liabilities	(679,284)	(496,133)
Non-current liabilities	<u>(495,903)</u>	<u>(294,196)</u>
Equity	<u>\$ 4,211,465</u>	<u>\$ 3,556,437</u>
Equity attributable to:		
Owners	\$ 2,612,792	\$ 2,206,413
Non-controlling interests	<u>1,598,673</u>	<u>1,350,024</u>
	<u>\$ 4,211,465</u>	<u>\$ 3,556,437</u>
	For the Year Ended December 31	
	2022	2021
Revenue	<u>\$ 6,053,774</u>	<u>\$ 4,584,244</u>
Profit for the year	\$ 403,630	\$ 173,874
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 403,630</u>	<u>\$ 173,874</u>
Profit attributable to:		
Owners	\$ 250,512	\$ 107,871
Non-controlling interests	<u>153,118</u>	<u>66,003</u>
	<u>\$ 403,630</u>	<u>\$ 173,874</u>
Total comprehensive income attributable to:		
Owners	\$ 250,512	\$ 107,871
Non-controlling interests	<u>153,118</u>	<u>66,003</u>
	<u>\$ 403,630</u>	<u>\$ 173,874</u>
Net cash inflow (outflow) from:		
Operating activities	\$ (65,207)	\$ (1,396,496)
Investing activities	(603,768)	1,394,677
Financing activities	<u>211,703</u>	<u>(41,581)</u>
Net cash outflow	<u>\$ (457,272)</u>	<u>\$ (43,400)</u>

Far Trust and Far Trust's subsidiaries

	December 31	
	2022	2021
Current assets	\$ 7,279,414	\$ 6,405,238
Non-current assets	4,399,317	4,344,211
Current liabilities	(6,697,815)	(6,030,736)
Non-current liabilities	<u>(3,724,326)</u>	<u>(3,500,193)</u>
Equity	<u>\$ 1,256,590</u>	<u>\$ 1,218,520</u>
Equity attributable to:		
Owners	\$ 638,947	\$ 619,539
Non-controlling interests	<u>617,643</u>	<u>598,981</u>
	<u>\$ 1,256,590</u>	<u>\$ 1,218,520</u>
	For the Year Ended December 31, 2022	For July 1 to December 31, 2021
Revenue	<u>\$ 580,878</u>	<u>\$ 517,188</u>
Profit for the year	\$ 87,164	\$ 82,224
Other comprehensive income (loss) for the year	<u>194</u>	<u>(128)</u>
Total comprehensive income for the year	<u>\$ 87,358</u>	<u>\$ 82,096</u>
Profit attributable to:		
Owners	\$ 49,641	\$ 41,940
Non-controlling interests	<u>37,523</u>	<u>40,284</u>
	<u>\$ 87,164</u>	<u>\$ 82,224</u>
Total comprehensive income attributable to:		
Owners	\$ 49,740	\$ 41,890
Non-controlling interests	<u>37,618</u>	<u>40,206</u>
	<u>\$ 87,358</u>	<u>\$ 82,096</u>
Net cash inflow (outflow) from:		
Operating activities	\$ (475,104)	\$ (515,948)
Investing activities	(23,371)	(127,786)
Financing activities	<u>554,022</u>	<u>696,296</u>
Net cash inflow	<u>\$ 55,547</u>	<u>\$ 52,562</u>

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

Name of Associate	December 31	
	2022	2021
Unlisted companies		
Tai Jin Investment Co., Ltd.	\$ 7,056	\$ 7,112
Tai Shin Leasing & Financial Co., Ltd.	1,165,507	1,522,089
Da Chun Universe Investment Co., Ltd.	3,878	3,161
Topbottle Resources Technology Corporation	24,476	20,479
Ecofun Lab Corporation	11,474	11,828
Shinsol Advanced Chemical Corporation	<u>224,497</u>	<u>242,691</u>
	<u>\$ 1,436,888</u>	<u>\$ 1,807,360</u>

At the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

Name of Associate	December 31	
	2022	2021
Tai Jin Investment Co., Ltd.	48.57%	48.57%
Tai Shin Leasing & Financial Co., Ltd.	30.00%	30.00%
Da Chun Universe Investment Co., Ltd.	45.00%	45.00%
Topbottle Resources Technology Corporation	20.00%	20.00%
Ecofun Lab Corporation (a)	33.33%	33.33%
Shinsol Advanced Chemical Corporation (b)	49.00%	49.00%

Remarks:

- In August 2022 and September 2021, Ecofun Lab Corporation issued additional new shares for \$4,200 thousand and \$4,200 thousand, respectively, to Shinkong Synthetic Fibers Corporation, and its continuing interest remained at 33.33%.
- In March and December 2021, Shinsol Advanced Chemical Corporation issued ordinary shares for \$10,000 thousand and additional new shares for \$235,000 thousand, respectively, to Shinkong Synthetic Fibers Corporation with a shareholding percentage of 49%.

Refer to Table 6 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the associates.

Summarized financial information in respect of the Group’s associates is set out below:

	For the Year Ended December 31	
	2022	2021
The Group’s share of:		
Profit for the year	\$ 46,741	\$ 48,129
Other comprehensive (loss) gain	<u>(411,344)</u>	<u>790,492</u>
Total comprehensive (loss) income for the year	<u>\$ (364,603)</u>	<u>\$ 838,621</u>

During 2022 and 2021, the Group's associates disposed of its shares in equity instruments at FVTOCI and the Group's share of unrealized gain of \$423 thousand and \$1,905 thousand, respectively, was transferred from other equity to retained earnings.

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income of part investments were calculated based on the financial statements which have not been audited. Management believes there will be no material impact on the equity-method accounting or the calculation of the share of profit or loss and other comprehensive income even if the financial statements were to be audited.

18. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2022	2021
Assets used by the Group	\$ 20,338,906	\$ 18,605,741
Assets leased under operating leases	<u>35,097</u>	<u>22,534</u>
	<u>\$ 20,374,003</u>	<u>\$ 18,628,275</u>

a. Assets used by the Group

	Freehold Land	Buildings	Machinery Equipment	Property under Construction	Transportation Equipment	Other Equipment	Office Equipment	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 7,832,664	\$ 8,093,138	\$ 30,813,789	\$ 765,057	\$ 245,841	\$ 446,862	\$ 225,629	\$ 48,422,980
Acquisition through business combination	5,513	-	957,650	43,929	-	-	-	1,007,092
Additions	38,211	15,202	84,142	1,122,644	9,169	3,427	63,956	1,336,751
Disposals	-	(1,692)	(28,419)	-	(8,949)	(740)	(23,308)	(63,108)
Effect of foreign currency exchange differences	-	2,507	64,228	25,919	389	936	968	94,947
Reclassified	71,705	144,126	1,605,434	(962,782)	6,617	33,437	603	899,140
Balance at December 31, 2022	<u>\$ 7,948,093</u>	<u>\$ 8,253,281</u>	<u>\$ 33,496,824</u>	<u>\$ 994,767</u>	<u>\$ 253,067</u>	<u>\$ 483,922</u>	<u>\$ 267,848</u>	<u>\$ 51,697,802</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 5,143,932	\$ 24,047,074	\$ -	\$ 162,180	\$ 291,729	\$ 172,324	\$ 29,817,239
Acquisition through business combination	-	-	95,622	-	-	-	-	95,622
Disposals	-	(1,692)	(25,354)	-	(5,557)	(740)	(21,868)	(55,211)
Impairment gains	-	(52,330)	-	-	-	-	-	(52,330)
Depreciation expenses	-	209,475	1,272,137	-	25,913	21,819	22,456	1,551,800
Effect of foreign currency exchange differences	-	979	391	-	100	290	16	1,776
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 5,300,364</u>	<u>\$ 25,389,870</u>	<u>\$ -</u>	<u>\$ 182,636</u>	<u>\$ 313,098</u>	<u>\$ 172,928</u>	<u>\$ 31,358,896</u>
Carrying amounts at December 31, 2022	<u>\$ 7,948,093</u>	<u>\$ 2,952,917</u>	<u>\$ 8,106,954</u>	<u>\$ 994,767</u>	<u>\$ 70,431</u>	<u>\$ 170,824</u>	<u>\$ 94,920</u>	<u>\$ 20,338,906</u>
<u>Cost</u>								
Balance at January 1, 2021	\$ 6,303,132	\$ 8,098,681	\$ 30,420,708	\$ 254,147	\$ 219,970	\$ 395,977	\$ 225,752	\$ 45,918,367
Additions	1,524,847	11,845	107,365	1,104,029	21,706	992	11,842	2,782,626
Disposals	-	(37,324)	(190,770)	-	(6,999)	(4,175)	(11,162)	(250,430)
Effect of foreign currency exchange differences	-	(2,255)	(26,448)	(6,982)	(576)	(1,844)	(1,063)	(29,168)
Transfers to investment properties	(40,093)	(16,139)	-	-	-	-	-	(56,232)
Reclassified	44,778	38,330	502,934	(586,137)	11,740	55,912	260	67,817
Balance at December 31, 2021	<u>\$ 7,832,664</u>	<u>\$ 8,093,138</u>	<u>\$ 30,813,789</u>	<u>\$ 765,057</u>	<u>\$ 245,841</u>	<u>\$ 446,862</u>	<u>\$ 225,629</u>	<u>\$ 48,422,980</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ -	\$ 4,947,095	\$ 23,033,644	\$ -	\$ 147,694	\$ 278,543	\$ 161,679	\$ 28,568,655
Disposals	-	(20,608)	(190,617)	-	(6,544)	(4,175)	(11,162)	(233,106)
Impairment losses	-	3,295	-	-	-	-	-	3,295
Depreciation expenses	-	218,222	1,204,332	-	21,137	17,978	21,923	1,483,592
Effect of foreign currency exchange differences	-	(602)	(285)	-	(107)	(617)	(116)	(1,727)
Transfers to investment properties	-	(3,470)	-	-	-	-	-	(3,470)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 5,143,932</u>	<u>\$ 24,047,074</u>	<u>\$ -</u>	<u>\$ 162,180</u>	<u>\$ 291,729</u>	<u>\$ 172,324</u>	<u>\$ 29,817,239</u>
Carrying amounts at December 31, 2021	<u>\$ 7,832,664</u>	<u>\$ 2,949,206</u>	<u>\$ 6,766,715</u>	<u>\$ 765,057</u>	<u>\$ 83,661</u>	<u>\$ 155,133</u>	<u>\$ 53,305</u>	<u>\$ 18,605,741</u>

- 1) The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	3-55 years
Machinery equipment	2-20 years
Transportation equipment	2-7 years
Office equipment	3-18 years
Other equipment	3-15 years

- 2) Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 42.
- 3) As a result of factors such as the decrease in the market prices of products produced by the Group, the expected future cash flows from property, plant and equipment used in production have decreased. The Group carried out a review of the recoverable amount of that related equipment and determined that the carrying amount exceeded the recoverable amount and the future expected recoverable amount of buildings have reassessed price is above the carrying value. The review led to the recognition of an impairment (reversal) loss of \$(52,330) thousand and \$3,295 thousand for the years ended December 31, 2022 and 2021, respectively. The Group determined the recoverable amount of the relevant assets on the basis of their value in use. The discount rates used in measuring the value in use were 8.539% and 9.735% per annum.
- b. Assets leased under operating leases

	Transportation Equipment
<u>Cost</u>	
Balance at January 1, 2022	\$ 48,701
Additions	27,467
Disposals	<u>(8,468)</u>
Balance at December 31, 2022	<u>\$ 67,700</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ 26,167
Disposals	(5,835)
Depreciation expenses	<u>12,271</u>
Balance at December 31, 2022	<u>\$ 32,603</u>
Carrying amounts at December 31, 2022	<u>\$ 35,097</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 41,816
Additions	20,694
Disposals	<u>(13,809)</u>
Balance at December 31, 2021	<u>\$ 48,701</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2021	\$ 19,421
Disposals	(8,440)
Depreciation expenses	<u>15,186</u>
Balance at December 31, 2021	<u>\$ 26,167</u>
Carrying amounts at December 31, 2021	<u>\$ 22,534</u>

- 1) Operating leases relate to leases of transportation equipment with lease terms between 1 and 3 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.
- 2) The above items of property, plant and equipment leased under operating leases are depreciated on a straight-line basis over their estimated useful lives as follows:

Transportation equipment

1-8 years

19. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Land	\$ 3,123,908	\$ 2,035,296
Buildings	445,343	466,160
Machinery	107,332	3,576
Transportation equipment	948	372
Office equipment	<u>8,138</u>	<u>7,407</u>
	<u>\$ 3,685,669</u>	<u>\$ 2,512,811</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets		
Additions	\$ 1,239,840	\$ 119,804
Acquisition through business combination	<u>105,695</u>	<u>-</u>
	<u>\$ 1,345,535</u>	<u>\$ 119,804</u>
Depreciation charge for right-of-use assets		
Land	\$ 89,614	\$ 74,597
Buildings	71,300	62,824
Machinery	8,767	2,024
Transportation equipment	564	561
Office equipment	<u>2,800</u>	<u>2,957</u>
	<u>\$ 173,045</u>	<u>\$ 142,963</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Current	<u>\$ 417,230</u>	<u>\$ 132,411</u>
Non-current	<u>\$ 1,843,092</u>	<u>\$ 1,351,992</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Land	0.70%-2.80%	0.73%-2.80%
Buildings	0.70%-2.80%	0.73%-2.80%
Machinery	0.70%-2.80%	0.73%-2.80%
Transportation equipment	0.70%-2.80%	0.73%-2.80%
Office equipment	0.70%-2.80%	0.73%-2.80%

c. Material lease activities and terms (the Group is lessee)

The Group leases certain machinery and equipment for the use of operating activities with lease terms of 2 to 6 years.

The Group also leases land and buildings for the use of plants and offices with lease terms of 2 to 70 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

In the first quarter of 2014, the Group signed the contract of setting national non-public use land superficiesies with the Northern Region Branch, National Property Administration, MOF and obtained the superficiesies and also paid the royalty of \$1,234,568 thousand. The duration of the superficiesies is 70 years, and during this time, the Group could construct buildings on the land under the terms of the contract.

The Group leased industrial land from the Industrial Development Bureau of the Ministry of Economic Affairs on May 10, 2007, measuring 52,033 square meters in total. The rental amount is calculated on the basis of the annual rental ratio of the market price of each square meter at the time the Group contracted with the local government, adjusted for any changes in the announced land values and share of the construction cost of public facilities associated with the leased land.

In 2022, the Group signed a contract with the Department of Economic Development, Taoyuan for the development of the Youth Entrepreneurship Village and Intelligent Manufacturing Park, and obtained the superficiesies and also paid the royalty of \$950,000 thousand. The duration of the superficiesies is 50 years, and during this time, the Group could construct buildings on the land under the terms of the contract.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	\$ 75,638	\$ 43,221
Expenses relating to low-value asset leases	\$ 3,377	\$ 2,882
Total cash outflow for leases	\$ (636,494)	\$ (217,581)

The Group's leases of certain assets qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

20. INVESTMENT PROPERTIES

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2022	\$ 2,625,871
Additions	<u>4,559</u>
Balance at December 31, 2022	<u>\$ 2,630,430</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ (217,796)
Depreciation expenses	<u>(21,836)</u>
Balance at December 31, 2022	<u>\$ (239,632)</u>
Carrying amounts at December 31, 2022	<u>\$ 2,390,798</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 2,664,311
Additions	64,368
Disposals	(130,816)
Transferred from property, plant and equipment	56,232
Transferred to construction in progress	<u>(28,224)</u>
Balance at December 31, 2021	<u>\$ 2,625,871</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2021	\$ (202,676)
Disposals	10,646
Transferred from property, plant and equipment	(3,470)
Depreciation expenses	<u>(22,296)</u>
Balance at December 31, 2021	<u>\$ (217,796)</u>
Carrying amounts at December 31, 2021	<u>\$ 2,408,075</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives of 30 to 50 years.

During 2021, the Group sold investment property for \$162,183 thousand. The carrying amount of that investment property at the time of sale was \$120,170 thousand. The disposal gain of \$42,013 thousand and income tax expenses of \$9,359 thousand was recognized.

The fair value of the Group's investment properties as of December 31, 2022 and 2021 was \$3,215,800 thousand and \$3,201,580 thousand, respectively. Management of the Company used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment property was held under freehold interests. The investment properties pledged as collateral for bank borrowings are set out in Note 42.

21. GOODWILL

	<u>For the Year Ended December 31</u>	
	2022	2021
<u>Cost</u>		
Balance at January 1	\$ 279,285	\$ 279,539
Effect of foreign currency exchange differences	<u>919</u>	<u>(254)</u>
Balance at December 31	<u>\$ 280,204</u>	<u>\$ 279,285</u>

The Group did not recognize any impairment loss on goodwill for the years ended December 31, 2022 and 2021.

22. OTHER INTANGIBLE ASSETS

	<u>December 31</u>	
	2022	2021
<u>Intangible assets</u>		
Balance at January 1	\$ 14,607	\$ 12,217
Additions	6,001	8,674
Acquisitions through business combination	140,182	-
Amortization expenses	(9,171)	(6,172)
Effect of foreign currency exchange differences	<u>67</u>	<u>(112)</u>
Balance at December 31	<u>\$ 151,686</u>	<u>\$ 14,607</u>

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

Corporate renewable power purchase agreements	20 years
Other intangible assets	1-10 years

23. OPERATING DEPOSITS AND SETTLEMENT FUNDS

	<u>December 31</u>	
	2022	2021
Operating deposits	\$ 226,500	\$ 226,500
Settlement funds	<u>84,336</u>	<u>79,914</u>
	<u>\$ 310,836</u>	<u>\$ 306,414</u>

a. Operating deposits

As stipulated in the Rules Governing Securities Firms, underwriters, dealers, and brokers should provide \$40 million, \$10 million and \$50 million, respectively, in the form of cash, government bonds, and/or bank notes as operating deposits to be placed in designated banks. For each additional branch, the Company should place \$5 million in designated banks.

As stipulated in the Regulations Governing Margin Purchase and Short Sale of Securities by Securities Firms, securities firms should have operating deposits of \$50 million.

As stipulated in the Rules Governing Futures Commission Merchants, futures dealers should have operating deposits of \$25 million for registration purposes and \$5 million for each of its branches.

- b. SKIA and SKPIA both placed guarantee deposit of \$1.5 million calculated by the sales revenue in the prior fiscal year as stipulated in the Regulation Governing Deposit of Bond for Acquisition of Insurance by Insurance Agents, Insurance Brokers and Insurance Surveyors.
- c. SKIC has deposited \$5 million as the operating deposit for establishment according to the ROC securities and investing trust association and investment consulting operating deposit regulations.
- d. Settlement funds

As stipulated in the Rules Governing Securities Firms, all brokers should place \$15 million as settlement funds with the Taiwan Stock Exchange before starting trading transactions in the first year of trading and contribute a certain percentage of the transaction amounts to the fund within 10 days after the end of each quarter. In the second year, the settlement funds need to reach only \$3.5 million including the previous year's contribution. If the funds accumulated until the previous year are more or less than \$3.5 million, the brokers can claim a refund from the Taiwan Stock Exchange or submit the shortage, respectively, at the end of January each year.

Securities firms are required to deposit \$3 million as settlement fund to the Taiwan Stock Exchange before each additional branch starts trading operations, and this deposit will be reduced to \$0.5 million from the second year.

As stipulated in the Taipei Exchange Rules for Administration of the Joint Responsibility System Clearing and Settlement Fund, securities brokers will need to deposit to the settlement fund \$1.5 million for main institution, and an extra \$0.25 million for every new branch established, and an extra \$2 million for dealers of securities listed in exchange institution. In addition, the Taipei Exchange will calculate an amount using the total buy and sell dollar value for the last year multiplied by a fixed percentage for the securities brokers to deposit or withdraw the settlement fund every year.

As stipulated in the Taiwan Futures Exchange Corporation Criteria for clearing membership, before carrying out clearing and settlement operations, the clearing member shall make a deposit to the clearing and settlement fund equal to 20% of its paid-in capital or designated operating funds.

As of December 31, 2022 and 2021, SKIC had deposited \$84,336 thousand and \$79,914 thousand as settlement fund, respectively.

24. OTHER ASSETS

	December 31	
	2022	2021
<u>Current</u>		
Right to recover a product	\$ 29,054	\$ 29,054
Loans receivable from the securities department	4,665,552	4,481,795
Underwriting shares to collect from the securities department	396,399	6,402,760
Others	<u>549,805</u>	<u>467,314</u>
	<u>\$ 5,640,810</u>	<u>\$ 11,380,923</u>
<u>Non-current</u>		
Refundable deposits	\$ 267,614	\$ 351,770
Overdue receivables	64,688	65,888
Loss allowance for overdue receivables	(64,688)	(65,888)
Long-term receivables	7,432,185	6,861,555
Loss allowance for long-term receivables	(320,847)	(225,740)
Foreclosed real estate, net	-	46,047
Prepayments for equipment	1,473,360	1,210,099
Others	<u>20,147</u>	<u>20,036</u>
	<u>\$ 8,872,459</u>	<u>\$ 8,263,767</u>

25. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
<u>Secured borrowings</u>		
Bank loans	\$ 260,000	\$ 671,367
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>7,597,645</u>	<u>5,422,719</u>
	<u>\$ 7,857,645</u>	<u>\$ 6,094,086</u>

The range of weighted average effective interest rate on bank loans was 0.98%-2.98% and 0.52%-2.35% per annum as of December 31, 2022 and 2021, respectively.

b. Short-term bills payable

	December 31	
	2022	2021
Commercial paper	\$ 6,540,000	\$ 10,495,000
Less: Unamortized discount on bills payable	<u>(8,423)</u>	<u>(6,894)</u>
	<u>\$ 6,531,577</u>	<u>\$ 10,488,106</u>

Outstanding short-term bills payable were as follows:

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate Range	Collateral
Ta Ching Bills Finance Corporation (1)	\$ 200,000	\$ 311	\$ 199,689	0.30%-2.62%	None
Ta Ching Bills Finance Corporation (2)	80,000	300	79,700	0.30%-2.62%	Pledged certificates of deposit
China Bills Finance Corporation (1)	1,550,000	1,399	1,548,601	0.30%-2.62%	None
China Bills Finance Corporation (2)	100,000	350	99,650	0.30%-2.62%	Pledged certificates of deposit
Taiwan Finance Corporation (1)	180,000	151	179,849	0.30%-2.62%	None
Taiwan Finance Corporation (2)	50,000	160	49,840	0.30%-2.62%	Pledged certificates of deposit
Mega Bills Finance Corporation (1)	600,000	509	599,491	0.30%-2.62%	None
Mega Bills Finance Corporation (2)	100,000	222	99,778	0.30%-2.62%	Pledged certificates of deposit
Taiwan Cooperative Bills Finance Corporation (1)	300,000	102	299,898	0.30%-2.62%	None
Taiwan Cooperative Bills Finance Corporation (2)	100,000	295	99,705	0.30%-2.62%	Bills issued under redemption agreements
International Bills Finance Corporation	800,000	2,730	797,270	0.30%-2.62%	None
Grand Bills Finance Corporation	930,000	687	929,313	0.30%-2.62%	None
Dah Chung Bills Finance Corporation	100,000	364	99,636	0.30%-2.62%	Pledged certificates of deposit
Sunny Bank	800,000	359	799,641	0.30%-2.62%	None
Union Bank	550,000	365	549,635	0.30%-2.62%	None
ChinaTrust Commercial Bank	<u>100,000</u>	<u>119</u>	<u>99,881</u>	0.30%-2.62%	None
	<u>\$ 6,540,000</u>	<u>\$ 8,423</u>	<u>\$ 6,531,577</u>		

December 31, 2021

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate Range	Collateral
Ta Ching Bills Finance Corporation (1)	\$ 1,030,000	\$ 617	\$ 1,029,383	0.23%-1.81%	None
Ta Ching Bills Finance Corporation (2)	50,000	165	49,835	0.23%-1.81%	Pledged certificates of deposit
China Bills Finance Corporation (1)	1,120,000	611	1,119,389	0.23%-1.81%	None
China Bills Finance Corporation (2)	50,000	32	49,968	0.23%-1.81%	Marketable Securities
Taiwan Finance Corporation (1)	230,000	170	229,830	0.23%-1.81%	None
Taiwan Finance Corporation (2)	50,000	7	49,993	0.23%-1.81%	Pledged certificates of deposit
Mega Bills Finance Corporation	1,175,400	690	1,174,710	0.23%-1.81%	None
Taiwan Cooperative Bills Finance Corporation	700,000	442	699,558	0.23%-1.81%	None
International Bills Finance Corporation	1,449,600	2,192	1,447,408	0.23%-1.81%	None
Grand Bills Finance Corporation	990,000	182	989,818	0.23%-1.81%	None
Dah Chung Bills Finance Corporation (1)	290,000	169	289,831	0.23%-1.81%	None
Dah Chung Bills Finance Corporation (2)	100,000	224	99,776	0.23%-1.81%	Pledged certificates of deposit
KGI Bank	950,000	312	949,688	0.23%-1.81%	None
Hua Nan Bank	350,000	13	349,987	0.23%-1.81%	None
Mega Bank	100,000	15	99,985	0.23%-1.81%	None
Sunny Bank	500,000	102	499,898	0.23%-1.81%	None
Union Bank	300,000	53	299,947	0.23%-1.81%	None
First Bank	100,000	11	99,989	0.23%-1.81%	None
ChinaTrust Commercial Bank	160,000	20	159,980	0.23%-1.81%	None
Yuanta Commercial Bank	<u>800,000</u>	<u>867</u>	<u>799,133</u>	0.23%-1.81%	None
	<u>\$ 10,495,000</u>	<u>\$ 6,894</u>	<u>\$ 10,488,106</u>		

c. Long-term borrowings

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Taiwan Bank (1)	\$ 2,400,000	\$ 1,000,000
Taiwan Bank (2)	150,000	150,000
Bangkok Bank	-	400,000
Hua Nan Bank (1)	-	150,000
Hua Nan Bank (2)	220,000	240,000
Hua Nan Bank (3)	75,533	82,400
Hua Nan Bank (4)	492,300	460,000
Hua Nan Bank (5)	350,000	-
Hua Nan Bank (Syndicated Loan)	530,000	600,000
KGI Bank	-	370,000
Taiwan Business Bank (1)	-	150,000
Taiwan Business Bank (2)	350,000	-
Bank SinoPac (1)	-	200,000
Bank SinoPac (2)	165,067	-
Bank SinoPac (3)	285,362	-
Cathay United Bank (1)	150,000	150,000
Cathay United Bank (2)	602,286	-

(Continued)

	December 31	
	2022	2021
E.Sun Bank	\$ 52,444	\$ 52,800
Mega Bank (1)	1,623,900	1,698,750
Mega Bank (2)	400,000	-
Mega Bank (3)	635,400	-
Far Eastern International Bank (1)	-	200,000
Far Eastern International Bank (2)	150,000	150,000
Far Eastern International Bank (3)	2,176,221	2,221,192
Far Eastern International Bank (4)	2,169,574	2,201,371
First Bank (Syndicated Loan)	1,200,000	1,200,000
Bank of Panhsin (1)	103,200	103,200
Bank of Panhsin (2)	383,000	474,000
Taiwan Cooperative Bank	100,000	100,000
Bank of East Asia	100,000	100,000
MUFG Bank	300,000	350,000
Union Bank	107,260	114,000
Bank of Kaohsiung	-	100,000
Yuanta Commercial Bank	300,000	100,000
Mizuho Bank	450,000	-
Mizuho Bank (Syndicated Loan)	-	800,000
Mega International Commercial Bank	196,702	-
	<u>16,218,249</u>	<u>13,917,713</u>
Less: Current portion	(5,828,663)	(4,947,713)
Less: Unamortized discounts on commercial papers	<u>(6,527)</u>	<u>(1,892)</u>
Long-term borrowings	<u>\$ 10,383,059</u>	<u>\$ 8,968,108</u> (Concluded)

As of December 31, 2022 and 2021, the range of weighted average effective interest rate of the bank borrowings was 1.075%-3.24% and 0.30%-2.64% per annum, respectively.

Refer to Note 42 for information relating to assets pledged to secure bank borrowings.

26. FINANCIAL DEBENTURES

	December 31	
	2022	2021
Secondary financial debentures (1)	\$ 1,820,000	\$ 1,820,000
Secured domestic bonds (2)	5,000,000	5,000,000
Less: Current portion	<u>(500,000)</u>	<u>-</u>
	<u>\$ 6,320,000</u>	<u>\$ 6,820,000</u>

Secondary Financial Debentures

Taipei Star Bank issued their first primary financial debenture on June 24, 2016, which was approved under ruling reference No. 10500122720 issued by the Banking Bureau of the FSC on May 24, 2016. Details of the financial debenture issuance are summarized as follows:

- a. Total approved principal: \$500,000 thousand.

- b. Principal issued: \$500,000 thousand.
- c. Denomination: \$10,000 thousand, issued at par.
- d. Period: 7 years with maturity date on June 24, 2023.
- e. Nominal interest rate: Fixed interest rate, 1.9%.
- f. Repayment: The financial debenture will be paid on the maturity date.
- g. The interest will be paid annually from the issuance date.

Taipei Star Bank issued their first, second, third and fourth financial debentures on June 19, June 30, August 18, September 29, 2017, respectively, which were approved under ruling reference No. 10600104680 issued by the Banking Bureau of the FSC on May 11, 2017. Details of the financial debenture issuance are summarized as follows:

- a. Total approved principal: \$500,000 thousand.
- b. Principal issued:
 - 1) 2017 first term: \$200,000 thousand.
 - 2) 2017 second term: \$100,000 thousand.
 - 3) 2017 third term: \$100,000 thousand.
 - 4) 2017 fourth term: \$100,000 thousand.
- c. Denomination:
 - 1) 2017 first term: \$10,000 thousand, issued at par.
 - 2) 2017 second term: \$10,000 thousand, issued at par.
 - 3) 2017 third term: \$10,000 thousand, issued at par.
 - 4) 2017 fourth term: \$10,000 thousand, issued at par.
- d. Period:
 - 1) 2017 first term: 7 years with maturity date on June 19, 2024.
 - 2) 2017 second term: 7 years with maturity date on June 30, 2024.
 - 3) 2017 third term: 7 years with maturity date on August 18, 2024.
 - 4) 2017 fourth term: 7 years with maturity date on September 29, 2024.
- e. Nominal interest rate:
 - 1) 2017 first term: Fixed interest rate, 1.90%.
 - 2) 2017 second term: Fixed interest rate, 1.85%.
 - 3) 2017 third term: Fixed interest rate, 1.85%.
 - 4) 2017 fourth term: Fixed interest rate, 1.85%.
- f. Repayment: The financial debenture will be paid on the maturity date.
- g. The interest will be paid annually from the issuance date.

Taipei Star Bank made its first and second issues of financial debentures with no maturity dates on September 17 and December 24, 2018, January 25, April 25 and June 17, 2019, respectively, which were approved under ruling reference No. 10701122210 issued by the Banking Bureau of the FSC on July 30, 2018. Details of the financial debenture issuance are summarized as follows:

- a. Total approved principal: \$600,000 thousand.
- b. Principal issued:
 - 1) 2018 first term: \$200,000 thousand.
 - 2) 2018 second term: \$130,000 thousand.
 - 3) 2019 first term: \$40,000 thousand.
 - 4) 2019 second term: \$20,000 thousand.
 - 5) 2019 third term: \$210,000 thousand.
- c. Denomination:
 - 1) 2018 first term: \$10,000 thousand, issued at par.
 - 2) 2018 second term: \$10,000 thousand, issued at par.
 - 3) 2019 first term: \$10,000 thousand, issued at par.
 - 4) 2019 second term: \$10,000 thousand, issued at par.
 - 5) 2019 third term: \$10,000 thousand, issued at par.
- d. Period:
 - 1) 2018 first term: No maturity date.
 - 2) 2018 second term: No maturity date.
 - 3) 2019 first term: No maturity date.
 - 4) 2019 second term: No maturity date.
 - 5) 2019 third term: No maturity date.
- e. Nominal interest rate:
 - 1) 2018 first term: Fixed interest rate, 4.00%.
 - 2) 2018 second term: Fixed interest rate, 4.00%.
 - 3) 2019 first term: Fixed interest rate, 4.00%.
 - 4) 2019 second term: Fixed interest rate, 4.00%.
 - 5) 2019 third term: Fixed interest rate, 4.00%.
- f. Repayment: The financial debenture can be redeemed after 5 years from the issuance date.
- g. The interest will be paid annually from the issuance date.

Taipei Star Bank made its first issues of financial debentures with no maturity dates on November 1, 2021, respectively, which were approved under ruling reference No. 1100214232 issued by the Banking Bureau of the FSC on June 21, 2021. Details of the financial debenture issuance are summarized as follows:

- a. Total approved principal: \$600,000 thousand.
- b. Principal issued: \$220,000 thousand.
- c. Denomination: \$10,000 thousand, issued at par.

- d. Period: No maturity date.
- e. Nominal interest rate: Fixed interest rate, 2.50%.
- f. Repayment: The financial debenture can be redeemed after 5 years from the issuance date.
- g. The interest will be paid annually from the issuance date.

Secured Domestic Bonds

The Company issued its first secured domestic bonds on November 19, 2020, which were approved under ruling reference No. 10900126701 issued by the Taipei Exchange on November 10, 2020. Details of the secured domestic bonds issuance are summarized as follows:

- a. Total approved principal: \$1,500,000 thousand.
- b. Principal issued: \$1,500,000 thousand.
- c. Denomination: \$1,000 thousand, issued at par.
- d. Period: 5 years with maturity date on November 19, 2025.
- e. Nominal interest rate: Fixed interest rate of 0.58%.
- f. Repayment: The secured domestic bonds will be paid on the maturity date.
- g. The interest will be paid annually from the issuance date.
- h. Secured: Secured by bank.

The Company issued its second secured domestic bonds on January 14, 2021, which were approved under ruling reference No. 10900149071 issued by the Taipei Exchange on January 5, 2021. Details of the secured domestic bonds issuance are summarized as follows:

- a. Total approved principal: \$1,500,000 thousand.
- b. Principal issued: \$1,500,000 thousand.
- c. Denomination: \$1,000 thousand, issued at par.
- d. Period: 5 years with maturity date on January 14, 2026.
- e. Nominal interest rate: Fixed interest rate of 0.56%.
- f. Repayment: The secured domestic bonds will be paid on the maturity date.
- g. The interest will be paid annually from the issuance date.
- h. Secured: Secured by bank.

The Company issued its first secured domestic bonds on October 28, 2021, which were approved under ruling reference No. 11000117541 issued by the Taipei Exchange on October 20, 2021. Details of the secured domestic bonds issuance are summarized as follows:

- a. Total approved principal: \$2,000,000 thousand.
- b. Principal issued: \$2,000,000 thousand.
- c. Denomination: \$1,000 thousand, issued at par.
- d. Period: 5 years with maturity date on October 28, 2026.
- e. Nominal interest rate: Fixed interest rate of 0.54%.
- f. Repayment: The secured domestic bonds will be paid on the maturity date.
- g. The interest will be paid annually from the issuance date.
- h. Secured: Secured by bank.

27. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2022	2021
<u>Notes payable</u>		
Operating	\$ 164,355	\$ 223,139
<u>Trade payables</u>		
Operating	\$ 5,068,235	\$ 9,638,207

28. DEPOSITS AND REMITTANCES

	December 31	
	2022	2021
Checking accounts	\$ 720,695	\$ 725,591
Demand deposits	8,553,745	8,853,841
Demand savings deposits	19,267,361	19,158,464
Time deposits	21,382,857	21,694,974
Time savings deposits	20,548,855	20,208,790
Negotiable certificates of deposit	677,200	329,000
Remittances	1,162	4,592
	<u>\$ 71,151,875</u>	<u>\$ 70,975,252</u>

29. OTHER LIABILITIES

	December 31	
	2022	2021
<u>Current</u>		
Other payables		
Payables for purchase of equipment	\$ 94,302	\$ 97,940
Notes payable for exchange	227,915	287,055
Payables for salaries or bonuses	1,240,037	1,109,067
Provisions for loss on lawsuit	66,589	66,589
Others	<u>1,061,632</u>	<u>1,170,742</u>
	<u>\$ 2,690,475</u>	<u>\$ 2,731,393</u>
Other liabilities		
Refund liabilities	\$ 290,830	\$ 270,423
Advance receipts	311,316	609,074
Underwriting to collect from the securities department	396,384	6,402,745
Others	<u>186,945</u>	<u>159,892</u>
	<u>\$ 1,185,475</u>	<u>\$ 7,442,134</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits received	\$ 254,554	\$ 261,923
Long-term payables	134,680	577,911
Others	<u>40,623</u>	<u>27,080</u>
	<u>\$ 429,857</u>	<u>\$ 866,914</u>

30. PROVISIONS

	December 31	
	2022	2021
<u>Non-current</u>		
Employee retirement benefits (a)	\$ 248,805	\$ 488,340
Other employee benefits (b)	621	618
Other	<u>2,295</u>	<u>-</u>
	<u>\$ 251,721</u>	<u>\$ 488,958</u>

- a. Refer to Note 31 for information related to employee retirement benefits.
- b. Other employee benefits refer to the preferential benefit deposit interest of retired employees.

31. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and HAM, SKIS, SKIC, SKIA, SKPIA, Taipei Star Bank, UBO, SPF, PAPI, TBO, SPI, CJH, PAP, IMBD, HIS, SKT, SKIN, SKIL, OTOBUY, Far Trust, Far Trust Leasing, Far Trust Rental SKF, SKPS and JLP of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in mainland China (SKJS and SUBO) are members of a state-managed retirement benefit plan operated by the government of mainland China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company and SKE, Taipei Star Bank, UBO, PAPI, CJH and Far Trust of the Group in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. Except The Company contributes amounts equal to 9% of total monthly salaries and wages to a pension fund. SKE, Taipei Star Bank, UBO, PAP, PAPI, CJH and Far Trust contribute an amount equal to 6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 1,214,771	\$ 1,276,595
Fair value of plan assets	<u>(965,966)</u>	<u>(788,255)</u>
Net defined benefit liabilities (assets)	<u>\$ 248,805</u>	<u>\$ 488,340</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	<u>\$ 1,379,085</u>	<u>\$ (747,720)</u>	<u>\$ 631,365</u>
Service cost			
Current service cost	9,776	-	9,776
Net interest expense (income)	<u>5,569</u>	<u>(3,208)</u>	<u>2,361</u>
Recognized in profit or loss	<u>15,345</u>	<u>(3,208)</u>	<u>12,137</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,864)	(8,864)
Actuarial (gain) loss			
Changes in demographic assumptions	5,852	-	5,852
Changes in financial assumptions	(54,958)	(1,341)	(56,299)
Experience adjustments	<u>(5,086)</u>	<u>-</u>	<u>(5,086)</u>
Recognized in other comprehensive income	<u>(54,192)</u>	<u>(10,205)</u>	<u>(64,397)</u>
Contributions from the employer	-	(82,141)	(82,141)
Benefits paid	(60,697)	55,019	(5,678)
Exchange differences on foreign plans	<u>(2,946)</u>	<u>-</u>	<u>(2,946)</u>
Balance at December 31, 2021	<u>1,276,595</u>	<u>(788,255)</u>	<u>488,340</u>
Service cost			
Current service cost	8,273	-	8,273
Net interest expense (income)	<u>11,683</u>	<u>(7,376)</u>	<u>4,307</u>
Recognized in profit or loss	<u>19,956</u>	<u>(7,376)</u>	<u>12,580</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(47,794)	(47,794)
Actuarial (gain) loss			
Changes in financial assumptions	26,881	(9,378)	17,503
Experience adjustments	<u>19,714</u>	<u>(192)</u>	<u>19,522</u>
Recognized in other comprehensive income	<u>46,595</u>	<u>(57,364)</u>	<u>(10,769)</u>
Contributions from the employer	-	(210,288)	(210,288)
Benefits paid	(128,196)	95,594	(32,602)
Liabilities extinguished on settlement	(1,723)	1,723	-
Exchange differences on foreign plans	<u>1,544</u>	<u>-</u>	<u>1,544</u>
Balance at December 31, 2022	<u>\$ 1,214,771</u>	<u>\$ (965,966)</u>	<u>\$ 248,805</u>

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate(s)	1.375%-1.688%	0.3706%-1.05%
Expected rate(s) of salary increase	0.75%-1.75%	0.50%-2.75%

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

	December 31	
	2022	2021
Discount rate(s)		
0.25% increase	<u>\$ (26,167)</u>	<u>\$ (28,437)</u>
0.25% decrease	<u>\$ 27,036</u>	<u>\$ 29,410</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 26,642</u>	<u>\$ 29,377</u>
0.25% decrease	<u>\$ (25,914)</u>	<u>\$ (28,492)</u>

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

	December 31	
	2022	2021
Expected contributions to the plan for the next year	<u>\$ 50,402</u>	<u>\$ 60,791</u>
Average duration of the defined benefit obligation	7.91-9.9 years	7-10.14 years

- c. MPL, SSFC, Dayspring, MPO and LFHO do not have pension plans, as pension plans are not mandatory under the local government legislations.
- d. HLC, SEC, SKAM, SKPS, PAP, SKES, SKY, RCE and VSK have no full-time employees, and their investment activities are carried out by SSF; therefore, they have no pension plans.
- e. TSI's pension plan is a defined benefit plan. Pension benefits are calculated on the basis of the length of service and average salaries before retirement. TSI recognized \$659 thousand and \$330 thousand as pension expense for the years ended December 31, 2022 and 2021, and its pension liabilities amounted to \$22,139 thousand and \$21,714 thousand on December 31, 2022 and 2021, respectively.

32. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	<u>2,800,000</u>	<u>2,800,000</u>
Shares authorized	<u>\$ 28,000,000</u>	<u>\$ 28,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,618,409</u>	<u>1,618,409</u>
Shares issued	<u>\$ 16,184,093</u>	<u>\$ 16,184,093</u>

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit distributed as <u>cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 272,247	\$ 272,247
Conversion of bonds	163,223	163,223
Treasury share transactions	275,547	275,547
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>435,415</u>	<u>429,216</u>
	1,146,432	1,140,233
<u>May be used to offset deficit only</u>		
Changes in percentage of ownership interest in subsidiaries (2)	<u>803,880</u>	<u>806,564</u>
	<u>\$ 1,950,312</u>	<u>\$ 1,946,797</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Company's Articles of Incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be for distribution of dividends to shareholders of preference shares first, and then for distribution of dividends to shareholders of ordinary shares, and the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 33-g.

The Company's Articles also stipulate a dividends policy whereby the issuance of stock dividends or the payment of cash dividends. In principle, cash dividends are limited to 20% of the total dividends distributed.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 461,198	\$ 285,688
Cash dividends	\$ 2,265,773	\$ 1,780,250
Cash dividends per share (NT\$)	\$ 1.40	\$ 1.10

The above appropriations for cash dividends were resolved by the Company's board of directors on March 14, 2022 and March 24, 2021, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on May 30, 2022 and July 5, 2021, respectively.

The appropriation of earnings for 2022, which were proposed by the Company's board of directors on March 13, 2023, were as follows:

	For the Year Ended December 31, 2022
Legal reserve	\$ 289,628
Cash dividends	\$ 1,618,409
Cash dividends per share (NT\$)	\$ 1.00

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 2, 2023.

d. Special reserve

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ 2,328,591	\$ 2,720,734
Reversals:		
Disposal of foreign operations	<u> -</u>	<u> (392,143)</u>
Balance at December 31	<u>\$ 2,328,591</u>	<u>\$ 2,328,591</u>

On first-time adoption of IFRSs, the Company appropriated for special reserve, the amounts that were the same as those of unrealized revaluation increment and cumulative translation differences transferred to retained earnings, which were \$1,673,314 thousand and \$392,143 thousand, respectively.

In 2021, the Company reversed from a special reserve due to completion of liquidation procedures by Hangzhou Huachun Chemical Fiber Co., Ltd. and Shinkong Industry (Hangzhou) Co., Ltd.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ (391,252)	\$ (226,145)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	378,921	(105,802)
Share from subsidiaries and associates accounted for using the equity method	(136,136)	(246,363)
Reclassification adjustment		
Disposal of foreign operations	<u> -</u>	<u> 187,058</u>
Balance at December 31	<u>\$ (148,467)</u>	<u>\$ (391,252)</u>

For the year ended December 31, 2021, the exchange difference on translating the financial statements of foreign operations was \$196,949 thousand, and the portion attributable to non-controlling interests was \$9,891 thousand.

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 4,516,084	\$ 2,353,146
Recognized for the year		
Unrealized (loss) gain - equity instruments	(965,759)	1,557,573
Share from subsidiaries and associates accounted for using the equity method	<u>(438,111)</u>	<u>887,138</u>
Other comprehensive (loss) income recognized for the year	<u>(1,403,870)</u>	<u>2,444,711</u>
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>(79,350)</u>	<u>(281,773)</u>
Balance at December 31	<u>\$ 3,032,864</u>	<u>\$ 4,516,084</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 10,229,333	\$ 10,509,331
Share in profit for the year	796,701	916,172
Other comprehensive income (loss) during the year		
Exchange differences on translating the financial statements of foreign operations	111,223	(192,802)
Unrealized (loss) gain on financial assets at FVTOCI	(58,950)	43,588
Remeasurement on defined benefit plans	19,811	(1,491)
Related income tax	(3,833)	140
Reclassification adjustment		
Disposal of foreign operations	-	9,891
Partial disposal of subsidiaries - UBO	2,595	5,575
Acquisition of non-controlling interests in subsidiaries - UBO	(50,013)	(169,624)
Acquisition of non-controlling interests in subsidiaries - HLC	-	(160,620)
Acquisition of non-controlling interests in subsidiaries - SPF	-	(169,937)
Acquisition of non-controlling interests in subsidiaries - Dayspring	-	(256,348)
Dividends paid by subsidiaries	(576,516)	(360,393)
Issuance of ordinary shares with capital in subsidiaries - SKIS	-	43,860
Issuance of ordinary shares with capital in subsidiaries - SKPS	6,000	-
Non-controlling interests arising from acquisition of subsidiaries - JLP	105,840	-
Others	<u>13,539</u>	<u>11,991</u>
Balance at December 31	<u>\$ 10,595,730</u>	<u>\$ 10,229,333</u>

g. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)	Shares Cancelled (In Thousands of Shares)	Shares Held by Its Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2021	-	-	4,680	4,680
Increase during the period	-	-	-	-
Decrease during the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares at December 31, 2021	-	-	4,680	4,680
Increase during the period	-	-	-	-
Decrease during the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares at December 31, 2022	<u>-</u>	<u>-</u>	<u>4,680</u>	<u>4,680</u>

The Company's shares held by its subsidiaries at the end of the reporting periods were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
<u>December 31, 2022</u>			
Hsin Lung Chemical Co., Ltd.	4,680	<u>\$ 82,143</u>	<u>\$ 82,143</u>
<u>December 31, 2021</u>			
Hsin Lung Chemical Co., Ltd.	4,680	<u>\$ 94,546</u>	<u>\$ 94,546</u>

Hsin Lung Chemical Co., Ltd. acquired the Company's shares for investment purposes before the Company obtained control over Hsin Lung Chemical Co., Ltd.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

33. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Revenue from contracts

Refer to Note 51 for detailed revenue information on contracts for the years ended December 31, 2022 and 2021.

b. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 388,868	\$ 292,013
Interest on lease liabilities	30,923	26,088
Other interest expense	<u>49,450</u>	<u>43,648</u>
	469,241	361,749
Interest due to the Central Bank and other banks	58,631	15,415
Interest due to the funds borrowed from the Central Bank and other banks	211	327
Interest on bills and bonds sold under repurchase agreements	53,598	9,073
Interest on deposits	421,524	285,019
Other finance costs	<u>29,109</u>	<u>20,855</u>
	<u>\$ 1,032,314</u>	<u>\$ 692,438</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2022	2021
Capitalized interest	\$ 8,113	\$ 2,859
Capitalization rate	0.63%-3.4%	0.63%-1.2%

c. Impairment (losses) recognized reversed

	For the Year Ended December 31	
	2022	2021
Investments in debt instruments at FVTOCI	<u>\$ 212</u>	<u>\$ (138)</u>
Financial assets at amortized cost	<u>\$ (197)</u>	<u>\$ (530)</u>
Bad debt expense, commitments and guarantee liability provisions	<u>\$ (37,275)</u>	<u>\$ (17,910)</u>
Trade receivables	<u>\$ (31,497)</u>	<u>\$ (106,645)</u>
Property, plant and equipment	<u>\$ 52,330</u>	<u>\$ (3,295)</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 1,564,071	\$ 1,498,778
Investment property	21,836	22,296
Right-of-use assets	173,045	142,963
Others	<u>9,171</u>	<u>6,172</u>
	<u>\$ 1,768,123</u>	<u>\$ 1,670,209</u>
An analysis of depreciation by function		
Operating costs	\$ 1,567,741	\$ 1,503,546
Operating expenses	<u>191,211</u>	<u>160,491</u>
	<u>\$ 1,758,952</u>	<u>\$ 1,664,037</u>

(Continued)

	<u>For the Year Ended December 31</u>	
	2022	2021
An analysis of amortization by function		
Operating expenses	\$ <u>9,171</u>	\$ <u>6,172</u> (Concluded)

e. Operating expenses directly related to investment properties

	<u>For the Year Ended December 31</u>	
	2022	2021
Direct operating expenses from investment properties that generated rental income	\$ <u>63,570</u>	\$ <u>56,714</u>

f. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2022	2021
Post-employment benefits (Note 31)		
Defined benefit plans	\$ 12,580	\$ 12,137
Defined contribution plans	<u>110,183</u>	<u>105,654</u>
	<u>122,763</u>	<u>117,791</u>
Share-based payments (Note 36)		
Equity-settled	<u>8,258</u>	<u>3,141</u>
Total employee benefits expense	\$ <u>131,021</u>	\$ <u>120,932</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 70,960	\$ 69,866
Operating expenses	<u>60,061</u>	<u>51,066</u>
	\$ <u>131,021</u>	\$ <u>120,932</u>

g. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and the remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021 which were approved by the Company's board of directors on March 13, 2023 and March 14, 2022, respectively, are as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2022	2021
Employees' compensation	1%	1%
Remuneration of directors	-	-

Amount

	For the Year Ended December 31			
	2022		2021	
	Cash	Share	Cash	Share
Employees' compensation	\$ 33,735	\$ -	\$ 44,149	\$ -
Remuneration of directors	-	-	-	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 1,913,095	\$ 646,248
Foreign exchange losses	<u>(1,061,029)</u>	<u>(894,569)</u>
	<u>\$ 852,066</u>	<u>\$ (248,321)</u>

34. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of income tax expense recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 905,100	\$ 1,030,905
Income tax on unappropriated earnings	107,634	52,473
Adjustments for prior years	(48,432)	(66,935)
Others	<u>2,444</u>	<u>9,350</u>
	<u>966,746</u>	<u>1,025,793</u>
Deferred tax		
In respect of the current year	106,081	46,337
Adjustments to prior years	<u>730</u>	<u>-</u>
	<u>106,811</u>	<u>46,337</u>
Income tax expense recognized in profit or loss	<u>\$ 1,073,557</u>	<u>\$ 1,072,130</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	<u>\$ 4,694,045</u>	<u>\$ 5,847,962</u>
Income tax expense calculated at the statutory rate	\$ 938,809	\$ 1,169,592
Nondeductible expenses in determining taxable income	2,600	1,104
Deferred tax effect from earnings of subsidiaries	(187,525)	(388,719)
Tax-exempt income	(72,079)	(89,762)
Additional income tax under the Alternative Minimum Tax Act	1,446	-
Deduction of R&D investment	-	(1,111)
Income tax on unappropriated earnings	107,634	52,473
Unrecognized loss carryforwards/deductible temporary differences investment credits	93,195	(62,505)
Adjustments for prior years' tax	(48,432)	(66,935)
Adjustments for prior years' deferred income tax expense	730	-
Others	<u>237,179</u>	<u>457,993</u>
Income tax expense recognized in profit or loss	<u>\$ 1,073,557</u>	<u>\$ 1,072,130</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year:		
Remeasurement of defined benefit plan	<u>\$ (1,826)</u>	<u>\$ (16,287)</u>

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable	<u>\$ 44,872</u>	<u>\$ 20,335</u>
Current tax liabilities		
Income tax payable	<u>\$ 569,404</u>	<u>\$ 895,594</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
Temporary differences					
Property, plant and equipment	\$ 68,111	\$ (14,197)	\$ -	\$ -	\$ 53,914
Fair value changes of financial assets	193	2,020	-	-	2,213
Inventory write-downs	118,090	19,139	-	-	137,229
Unrealized gross profit	71,315	3,464	-	-	74,779
Defined benefit obligation	123,510	(7,014)	(3,156)	-	113,340
Gain or loss on foreign currency exchange	14,554	(15,335)	-	-	(781)
Allowance for impairment loss of receivables	71,039	8,747	-	-	79,786
Others	<u>93,753</u>	<u>(1,676)</u>	<u>-</u>	<u>-</u>	<u>92,077</u>
	560,565	(4,852)	(3,156)	-	552,557
Loss carryforwards	<u>27,795</u>	<u>(2,027)</u>	<u>-</u>	<u>-</u>	<u>25,768</u>
	<u>\$ 588,360</u>	<u>\$ (6,879)</u>	<u>\$ (3,156)</u>	<u>\$ -</u>	<u>\$ 578,325</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
Temporary differences					
Property, plant and equipment	\$ 839,320	\$ -	\$ -	\$ (9,635)	\$ 829,685
Defined benefit obligation	1,422	-	(1,330)	-	92
Others	<u>742,095</u>	<u>90,555</u>	<u>-</u>	<u>-</u>	<u>832,650</u>
	<u>\$ 1,582,837</u>	<u>\$ 90,555</u>	<u>\$ (1,330)</u>	<u>\$ (9,635)</u>	<u>\$ 1,662,427</u>

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Property, plant and equipment	\$ 13,452	\$ 54,659	\$ -	\$ 68,111
Fair value changes of financial assets	11	182	-	193
Inventory write-downs	122,117	(4,027)	-	118,090
Unrealized gross profit	46,691	24,624	-	71,315
Defined benefit obligation	139,404	(1,029)	(14,865)	123,510

(Continued)

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Gain or loss on foreign currency exchange	\$ 12,838	\$ 1,716	\$ -	\$ 14,554
Allowance for impairment loss of receivables	67,467	3,572	-	71,039
Others	<u>94,361</u>	<u>(608)</u>	<u>-</u>	<u>93,753</u>
	496,341	79,089	(14,865)	560,565
Loss carryforwards	<u>33,284</u>	<u>(5,489)</u>	<u>-</u>	<u>27,795</u>
	<u>\$ 529,625</u>	<u>\$ 73,600</u>	<u>\$ (14,865)</u>	<u>\$ 588,360</u> (Concluded)

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Property, plant and equipment	\$ 754,919	\$ 84,401	\$ -	\$ 839,320
Defined benefit obligation	-	-	1,422	1,422
Others	<u>707,000</u>	<u>35,095</u>	<u>-</u>	<u>742,095</u>
	<u>\$ 1,461,919</u>	<u>\$ 119,496</u>	<u>\$ 1,422</u>	<u>\$ 1,582,837</u>

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Loss carryforwards		
Expiry in 2022	\$ -	\$ 73,242
Expiry in 2023	92,302	92,302
Expiry in 2024	153,547	152,327
Expiry in 2025	243,707	238,951
Expiry in 2026	578,095	580,675
Expiry in 2027	794,492	794,492
Expiry in 2028	509,196	510,951
Expiry in 2029	76,041	76,041
Expiry in 2030	67,069	67,069
Expiry in 2031	20,351	25,123
Expiry in 2032	<u>499,579</u>	<u>-</u>
	<u>\$ 3,034,379</u>	<u>\$ 2,611,173</u>
Deductible temporary differences		
Share of loss of associates	<u>\$ 3,339,462</u>	<u>\$ 3,335,823</u>

f. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

Unused Amount	Expiry Year
\$ 92,302	2023
153,547	2024
346,034	2025
578,095	2026
794,493	2027
509,196	2028
76,041	2029
80,613	2030
20,565	2031
<u>512,334</u>	2032
 <u>\$ 3,163,219</u>	

g. Income tax assessments

The income tax returns of SSF, UBO, Taipei Star Bank, TBO, SPF, SPI, SKE, PAP, SEC, SKIL, CJH, HIS, HAM, SKT, HLC, SKIN, OTOBUY, SKPS, PAPI, JLP, IMBD, Far Trust, Far Trust Leasing, Far Trust Car Rental, SKIS, SKIA, SKPIA, and SKIC through 2020 have been assessed by the tax authorities.

35. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations are as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2022	2021
Profit for the year attributable to owners of the Company	<u>\$ 2,823,787</u>	<u>\$ 3,888,416</u>
Less: Profit for the year from discontinued operations used in the computation of basic earnings per share from discontinued operations	<u>\$ -</u>	<u>\$ (29,050)</u>
Earnings used in the computation of diluted earnings per share from continuing operations	<u>\$ 2,823,787</u>	<u>\$ 3,859,366</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,613,729	1,613,729
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>2,352</u>	<u>2,684</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,616,081</u>	<u>1,616,413</u>

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

36. SHARE-BASED PAYMENT ARRANGEMENTS

UBO

Qualified employees of UBO were granted 2,050 options in October 2021, 880 options in January 2020, 500 options in December 2016, and 3,000 options in July 2016. Each option entitles the holder to subscribe for one thousand ordinary shares of UBO. The options granted are valid for 5 years and exercisable at certain percentages after the second anniversary from the grant date. The options were granted at an exercise price equal to the closing price of UBO's ordinary shares listed on the grant date. For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	The Plan of October 2021			
	2022		2021	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)
Balance at January 1	2,050	\$ 31.15	-	\$ -
Options granted	-	-	2,050	31.15
Options forfeited	-	-	-	-
Options exercised	-	-	-	-
Options expired	<u>-</u>	-	<u>-</u>	-
Balance at December 31	<u>2,050</u>	28.20	<u>2,050</u>	31.15
Options exercisable, end of period	<u>-</u>	-	<u>-</u>	-
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ 9.79</u>	

The Plan of January 2020				
	2022		2021	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	880	\$ 23.00	880	\$ 24.40
Options granted	-	-	-	-
Options forfeited	-	-	-	-
Options exercised	(158)	23.00	-	-
Options exercised	(75)	20.80	-	-
Options expired	<u>-</u>	-	<u>-</u>	-
Balance at December 31	<u>647</u>	20.80	<u>880</u>	23.00
Options exercisable, end of period	<u>31</u>	20.80	<u>-</u>	-
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ -</u>	

The Plan of December 2016		
	2021	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	141	\$ 18.90
Options granted	-	-
Options forfeited	-	-
Options exercised	(141)	17.90
Options expired	<u>-</u>	-
Balance at December 31	<u>-</u>	-
Options exercisable, end of period	<u>-</u>	-
Weighted-average fair value of options granted (\$)	<u>\$ -</u>	

	The Plan of July 2016	
	2021	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	356	\$ 18.20
Options granted	-	-
Options exercised	(346)	18.20
Options expired	<u>(10)</u>	-
Balance at December 31	<u>-</u>	-
Options exercisable, end of period	<u>-</u>	-
Weighted-average fair value of options granted (\$)	<u>\$ -</u>	

Information on outstanding options as of December 31, 2022 and 2021 is as follows:

	December 31	
	2022	2021
Range of exercise price (NT\$)	\$20.8-\$28.2	\$24.4-\$31.15
Weighted-average remaining contractual life (in years)	2.02-3.8 years	3.02-4.8 years

Options granted in October 2021, January 2020, December 2016 and July 2016 were priced using the binomial option pricing model and the inputs to the model are as follows:

	October 2021	January 2020	December 2016	July 2016
Grant-date share price (\$)	\$31.15	\$25.50	\$22.25	\$22.75
Exercise price (\$)	\$31.15	\$25.50	\$22.25	\$22.75
Expected volatility	35.36%	34.08%	29.03%	41.81%
Expected life (in years)	5 years	5 years	5 years	5 years
Risk-free interest rate	0.3947%	0.5526%	0.8561%	0.5020%

Expected volatility was based on the historical share price volatility over the past 1 year. To allow for the effects of early exercise, UBO assumed that employees would exercise their options after the vesting date when the share price was higher than the exercise price.

Compensation cost recognized were \$7,991 thousand and \$3,052 thousand for the years ended December 31, 2022 and 2021, respectively.

SKF

Qualified employees of SKF were granted 2,000 options in August 2021. Each option entitles the holder to subscribe for one thousand ordinary shares of SKF. The options granted are valid for 10 years and exercisable at certain percentages after the seventh anniversary from the grant date. The options were granted at an exercise price equal to the closing price of SKF's ordinary shares listed on the grant date. For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	The Plan of August 2021			
	2022		2021	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	2,000	\$ 10.00	-	\$ -
Options granted	-	-	2,000	10.00
Options forfeited	-	-	-	-
Options exercised	-	-	-	-
Options exercised	-	-	-	-
Options expired	-	-	-	-
Balance at December 31	<u>2,000</u>	10.00	<u>2,000</u>	10.00
Options exercisable, end of period	<u>-</u>	-	<u>-</u>	-
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ -</u>	

Information on outstanding options as of December 31, 2022 and 2021 is as follows:

	December 31	
	2022	2021
Range of exercise price (NT\$)	\$10	\$10
Weighted-average remaining contractual life (in years)	8.67 years	9.67 years

Options granted in August 2021 were priced using the binomial option pricing model and the inputs to the model are as follows:

	August 2021
Grant-date share price (\$)	\$6.6
Exercise price (\$)	\$10
Expected volatility	24.91%
Expected life (in years)	10 years
Risk-free interest rate	0.333%

Expected volatility was based on the historical share price volatility over the past 1 year. To allow for the effects of early exercise, SKF assumed that employees would exercise their options after the vesting date when the share price was higher than the exercise price.

Compensation cost recognized were \$267 thousand and \$89 thousand for the years ended December 31, 2022 and 2021.

37. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Jin Liang Power	Solar industry business	April 2022	70.00	<u>\$ 246,960</u>

Jin Liang Power Service Co., Ltd. was acquired on April 2022 in order to continue the expansion of the Group's activities in solar power service.

b. Consideration transferred

	Jin Liang Power
Cash	<u>\$ 246,960</u>

Acquisition-related costs were excluded from the consideration transferred and were recognized as other expenses in the period incurred in the consolidated statements of comprehensive income.

c. Assets acquired and liabilities assumed at the date of acquisition

	Jin Liang Power
Current assets	
Cash and cash equivalents	\$ 56,932
Trade receivables	1,500
Prepayments	3,108
Other current assets	34,909
Non-current assets	
Property, plant and equipment	911,470
Investment properties	140,182
Right-of-use assets	105,695
Other non-current assets	14,502
Current liabilities	
Short-term borrowings	(66,295)
Other payables	(67,580)
Current tax liabilities	(1,746)
Other current liabilities	(50)
Non-current liabilities	
Long-term borrowings	(711,088)
Lease liabilities	<u>(68,739)</u>
	<u>\$ 352,800</u>

d. Non-controlling interests

The non-controlling interest (30% ownership interest in Jin Liang Power) recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to \$105,840 thousand. This fair value was estimated by applying in income approach.

e. Goodwill recognized on acquisitions

	Jin Liang Power
Consideration transferred	\$ 246,960
Plus: Non-controlling interests (30.00% in Jin Liang Power)	105,840
Less: Fair value of identifiable net assets acquired	<u>(352,800)</u>
Goodwill recognized on acquisitions	<u>\$ -</u>

f. Net cash inflow (outflow) on the acquisition of subsidiaries

	Jin Liang Power
Consideration paid in cash	\$ 246,960
Less: Cash and cash equivalent balances acquired	<u>(56,932)</u>
	<u>\$ 190,028</u>

g. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

	Jin Liang Power
Revenue	<u>\$ 97,154</u>
Profit	<u>\$ 22,243</u>

38. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For the year ended December 31, 2022, the Group subscribed for additional new shares of UBO at a percentage different from its existing ownership percentage and UBO's employees exercised their share options, increasing its continuing interest from 58.43% to 59.77%.

For the year ended December 31, 2021, the Group subscribed for additional new shares of UBO at a percentage different from its existing ownership percentage and UBO's employees exercised their share options, increasing its continuing interest from 53.41% to 58.43%.

For the year ended December 31, 2021, the Group subscribed for additional shares of HLC at a percentage different from its existing ownership percentage, increasing its continuing interest from 61.80% to 93.80%.

For the year ended December 31, 2021, the Group subscribed for additional new shares of SKIS at a percentage different from its existing ownership percentage, decreasing its continuing interest from 77.98% to 77.73%.

For the year ended December 31, 2021, the Group subscribed for additional shares of SPF at a percentage different from its existing ownership percentage, increasing its continuing interest from 85.02% to 100%.

For the year ended December 31, 2021, the Group subscribed for additional shares of Dayspring, increasing its continuing interest from 92.11% to 100%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	For the Year Ended December 31, 2022	
	UBO	SKF
Cash consideration paid	\$ (43,814)	\$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	<u>47,418</u>	<u>(89)</u>
Differences recognized from equity transactions	<u>\$ 3,604</u>	<u>\$ (89)</u>
<u>Line items adjusted for equity transactions</u>		
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ 6,199	\$ -
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>(2,595)</u>	<u>(89)</u>
	<u>\$ 3,604</u>	<u>\$ (89)</u>

	For the Year Ended December 31, 2021				
	UBO	HLC	SKIS	SPF	Dayspring
Cash consideration paid	\$ (159,270)	\$ (130,630)	\$ -	\$ (231,946)	\$ (233,959)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	<u>164,049</u>	<u>160,620</u>	<u>(29)</u>	<u>169,937</u>	<u>256,348</u>
Differences recognized from equity transactions	<u>\$ 4,779</u>	<u>\$ 29,990</u>	<u>\$ (29)</u>	<u>\$ (62,009)</u>	<u>\$ 22,389</u>
<u>Line items adjusted for equity transactions</u>					
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ 10,354	\$ 29,990	\$ -	\$ (62,009)	\$ 22,389
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>(5,575)</u>	<u>-</u>	<u>(29)</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,779</u>	<u>\$ 29,990</u>	<u>\$ (29)</u>	<u>\$ (62,009)</u>	<u>\$ 22,389</u>

39. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key Management personnel consider the cost of capital and the risk associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

40. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Except for financial instruments measured at fair value, management believes the carrying amounts of the financial instruments approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 8,726	\$ -	\$ 8,726
Domestic investments - listed shares and emerging market shares	78,650	-	-	78,650
Puttable preference shares	-	31,344	-	31,344
Convertible bonds with assets exchange	-	604,748	-	604,748
Convertible bonds	-	6,551	-	6,551
Mutual funds	84,838	-	-	84,838
Limited partnership funds	-	58,064	-	58,064
Short-term transactions instruments	398,478	-	-	398,478
Foreign corporate bonds	82,091	-	-	82,091
Domestic corporate bonds	<u>50,324</u>	<u>-</u>	<u>-</u>	<u>50,324</u>
	<u>\$ 694,381</u>	<u>\$ 709,433</u>	<u>\$ -</u>	<u>\$ 1,403,814</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic investments - listed shares and emerging market shares	\$ 6,794,320	\$ -	\$ -	\$ 6,794,320
Domestic investments - unlisted shares	-	2,038,009	101,062	2,139,071
Foreign investments	-	36,866	-	36,866
Investments in debt instruments at FVTOCI				
Bond investments	<u>881,759</u>	<u>1,352,475</u>	<u>-</u>	<u>2,234,234</u>
	<u>\$ 7,676,079</u>	<u>\$ 3,427,350</u>	<u>\$ 101,062</u>	<u>\$ 11,204,491</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 8,140</u>	<u>\$ -</u>	<u>\$ 8,140</u> (Concluded)

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 5,275	\$ -	\$ 5,275
Domestic investments - listed shares and emerging market shares	200,117	-	-	200,117
Puttable preference shares	-	33,165	-	33,165
Convertible bonds with assets exchange	-	434,811	-	434,811
Convertible bonds	-	8,096	-	8,096
Mutual funds	96,721	-	-	96,721
Limited partnership funds	-	47,813	-	47,813
Short-term transactions instruments	1,099,521	-	-	1,099,521
Foreign corporate bonds	81,588	-	-	81,588
Domestic corporate bonds	<u>50,077</u>	<u>-</u>	<u>-</u>	<u>50,077</u>
	<u>\$ 1,528,024</u>	<u>\$ 529,160</u>	<u>\$ -</u>	<u>\$ 2,057,184</u> (Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic investments				
- listed shares and emerging market shares	\$ 7,882,134	\$ -	\$ -	\$ 7,882,134
Domestic investments				
- unlisted shares	-	1,954,078	85,798	2,039,876
Foreign investments	-	43,609	-	43,609
Investments in debt instruments at FVTOCI				
Bond investments	<u>1,434,442</u>	<u>899,952</u>	<u>-</u>	<u>2,334,394</u>
	<u>\$ 9,316,576</u>	<u>\$ 2,897,639</u>	<u>\$ 85,798</u>	<u>\$ 12,300,013</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 4,992</u>	<u>\$ -</u>	<u>\$ 4,992</u> (Concluded)

There were no transfers between Levels 1 and 2 in the years ended December 31, 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2022	\$ 85,798
Purchase	6,821
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>8,443</u>
Balance at December 31, 2022	<u>\$ 101,062</u>

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2021	\$ 88,079
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>(2,281)</u>
Balance at December 31, 2021	<u>\$ 85,798</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - foreign exchange forward contracts	Based on the exchange rates quoted by Reuters on each settlement date.
Unlisted debt securities - ROC	Discounted cash flow: Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the reporting period.
Unlisted equity securities - ROC	Based on market observations, economic trends and industry characteristics, value multipliers that are highly relevant to the target are used as inputs for fair value calculation.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Unlisted equity securities - ROC	Discounted cash flow: Future cash flows are estimated based on observable cash dividends at the end of the reporting period and other parameters, discounted at a rate that reflects the credit risk of various counterparties. Market multiplier: Based on the transaction prices of the shares in an active market of companies in comparable industries, the corresponding net value multiplier and taking into consideration the liquidity discount ratio, the fair value of the target is evaluated. The main significant unobservable input is the liquidity discount.

5) Sensitivity analysis of the reasonable possible alternative assumptions for Level 3 fair value measurement

The significant unobservable inputs of the income approach used by the Group are the discount rate, non-controlling equity discount rate and the liquidity discount ratio. The sensitivity analysis is as follows:

December 31, 2022		
Significant Unobservable Input	Range of Changes	Affected Amount
Discount rate	1% increase	\$ (2,065)
	1% decrease	2,573
Discount for lack of marketability	10% increase	(7,502)
	10% decrease	5,074

December 31, 2021		
Significant Unobservable Input	Range of Changes	Affected Amount
Discount rate	1% increase	\$ (1,480)
	1% decrease	1,775
Discount for lack of marketability	10% increase	(4,510)
	10% decrease	4,510

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 1,403,814	\$ 2,057,184
Financial assets at amortized cost (1)	48,709,202	54,354,867
Financial assets at FVTOCI		
Equity instruments	8,970,257	9,965,619
Debt instruments	2,234,234	2,334,394
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	8,140	4,992
Amortized cost (2)	42,874,998	47,352,011

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits with original maturities of more than 3 months, debt investments, other financial assets, notes receivable, trade and other receivables.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, short-term bills payable, notes payable, trade and other payables, other financial liabilities, and bonds issued.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, bonds payable, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Group's exposure to market risk or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amount of monetary assets and monetary liabilities denominated in the non-functional currency at the balance sheet date (including monetary items denominated in non-functional currency that had reversed in the consolidated financial statements) and the carrying amount of derivatives exposed to exchange rate risk, please refer to Note 44.

The Group uses foreign exchange forward contracts to eliminate currency exposure. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the U.S. dollar. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 5% against the U.S. dollar. For a 5% strengthening of the New Taiwan dollar against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative. This was mainly attributable to the exposure on outstanding receivables and payables in U.S. dollars, which were not hedged at the end of the reporting period.

	USD Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	<u>\$ 325,070</u>	<u>\$ 365,919</u>

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial liabilities with exposure to interest rates at the end of the reporting periods were as follows:

	December 31	
	2022	2021
Fair value interest rate risk	\$ 13,360,000	\$ 17,315,000
Cash flow interest rate risk	24,072,895	20,010,674

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings.

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the each of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$60,182 thousand and \$50,027 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

c) Other price risk

The Group was exposed to equity price risk and commodity price risk through its investments in equity securities and mutual funds. The Group manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$11,078 thousand and \$17,233 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$448,513 thousand and \$498,281 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to investments in equity securities has not changed significantly from the prior year.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparties to discharge its obligation and due to the financial guarantees provided by the Group, could be arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In order to minimize credit risk, management of the Group has delegated a team responsible for determination credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Group transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. The Group's available unutilized bank loan facilities are set out in (c) below.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2022

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 6,568,335	\$ -	\$ -	\$ -	\$ 6,568,335
Lease liabilities	417,230	512,606	441,326	889,160	2,260,322
Variable interest rate liabilities	13,800,954	5,800,904	4,193,033	400,232	24,195,123
Fixed interest rate liabilities	6,531,577	-	-	-	6,531,577
Financial debentures	500,000	500,000	5,000,000	820,000	6,820,000
	<u>\$ 27,818,096</u>	<u>\$ 6,813,510</u>	<u>\$ 9,634,359</u>	<u>\$ 2,109,392</u>	<u>\$ 46,375,357</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 417,230</u>	<u>\$ 953,932</u>	<u>\$ 311,387</u>	<u>\$ 152,956</u>	<u>\$ 208,479</u>	<u>\$ 216,338</u>

December 31, 2021

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 11,068,353	\$ -	\$ -	\$ -	\$ 11,068,353
Lease liabilities	132,411	114,607	348,577	888,808	1,484,403
Variable interest rate liabilities	11,116,511	7,629,978	1,124,130	214,000	20,084,619
Fixed interest rate liabilities	10,488,106	-	-	-	10,488,106
Financial debentures	-	1,000,000	5,000,000	820,000	6,820,000
	<u>\$ 32,805,381</u>	<u>\$ 8,744,585</u>	<u>\$ 6,472,707</u>	<u>\$ 1,922,808</u>	<u>\$ 49,945,481</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 132,411</u>	<u>\$ 463,184</u>	<u>\$ 444,175</u>	<u>\$ 177,469</u>	<u>\$ 93,117</u>	<u>\$ 174,047</u>

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to pay should the counterparty of the contract demand payment of the full amount of the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be paid under the contracts.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2022

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Net settled</u>					
Foreign exchange forward contracts	\$ <u>353</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>353</u>
Foreign exchange contracts	\$ <u>233</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>233</u>

December 31, 2021

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Net settled</u>					
Foreign exchange forward contracts	\$ <u>181</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>181</u>
Foreign exchange contracts	\$ <u>102</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>102</u>

c) Financing facilities

	December 31	
	2022	2021
Amount unused	\$ <u>23,805,992</u>	\$ <u>24,502,007</u>

41. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
The LYCRA Company Taiwan Limited, Taiwan Branch (H.K.)	Affiliated company of subsidiary's main shareholder
LYCRA Singapore	Affiliated company of subsidiary's main shareholder
Tai Shin Leasing & Financial Co., Ltd.	Associate
Topbottle Resources Technology Corporation	Associate
Shinsol Advanced Chemical Corporation	Associate
Shin Kong Bank Co., Ltd.	Related party in substance
Chairman Wu and related parties of Chairman Wu	Related party in substance
The Bank of Taipei Cultural Foundation	Related party in substance
Shin Kong Textile Co., Ltd.	Related party in substance
Shin Kong Life Insurance Co., Ltd.	Related party in substance
Shin Kong Construction and Development Co., Ltd.	Related party in substance
Shin-Kong Life Real Estate Service Co., Ltd.	Related party in substance
Shin Kong Insurance Co., Ltd.	Related party in substance
Taiwan Shin Kong Security Co., Ltd.	Related party in substance
Hwa Jian Human-Resource & Management Co., Ltd.	Related party in substance
Taishin International Co., Ltd., Bank	Related party in substance
Others	Key management personnel and others

b. Sales of goods

Line Items	Related Party Categories/Name	For the Year Ended December 31	
		2022	2021
Sales	Affiliated company of subsidiary's investors main shareholder/others	\$ 956,729	\$ 1,455,052
	Related party in substance/others	\$ 31,758	\$ 59,681

c. Purchases of goods

Related Party Categories/Name	For the Year Ended December 31	
	2022	2021
Related parties in substance/others	\$ 3,009	\$ 3,077
Associates/others	\$ 405,480	\$ 304,331

d. Receivables from related parties

Line Items	Related Party Categories/Name	December 31	
		2022	2021
Trade receivables	Affiliated company of subsidiary's investors main shareholder/others	\$ 76,005	\$ 434,027
	Related party in substance/others	\$ 755	\$ 903
Notes receivables	Related party in substance/others	\$ -	\$ 3,955

e. Payables to related parties

Line Items	Related Party Categories/Name	December 31	
		2022	2021
Trade payables	Associates/others	\$ 7,829	\$ 9,910

f. Loans

For the Year Ended December 31, 2022							
Category	Number or Name of Related Party	Highest Balance	Ending Balance	Normal Loans	Non- Performing Loans	Type of Collateral	Differences in Transaction Terms Between Related and Nonrelated Parties
Employee consumer loans	3	\$ 1,502	\$ 1,444	\$ 1,444	\$ -	None	None
Self-used residential mortgage loans	14	77,470	55,650	55,650	-	Real estate	None
Secured loans	Key executives	8,156	4,178	4,178	-	Real estate	None
Secured loans	Others	13,046	6,040	6,040	-	Real estate	None
For the Year Ended December 31, 2021							
Category	Number or Name of Related Party	Highest Balance	Ending Balance	Normal Loans	Non- Performing Loans	Type of Collateral	Differences in Transaction Terms Between Related and Nonrelated Parties
Employee consumer loans	4	\$ 860	\$ 2	\$ 2	\$ -	None	None
Self-used residential mortgage loans	14	128,869	101,692	101,692	-	Real estate	None
Secured loans	Key executives	6,220	4,406	4,406	-	Real estate	None
Secured loans	Others	17,927	6,396	6,396	-	Real estate	None

In compliance with the Banking Law, except for consumer loans and government loans, credits extended by Taipei Star Bank to any related party were fully secured, and the other terms of these credits extended to related parties were similar to those for third parties.

g. Deposits from related parties

	For the Year Ended December 31					
	2022			2021		
	Ending Balance	Interest Rate %	Interest Expense	Ending Balance	Interest Rate %	Interest Expense
Related party in substance	\$ 1,517,340	0.00-2.20	\$ 11,857	\$ 1,228,886	0.00-1.04	\$ 7,022
Key executives	25,279	0.00-7.70	88	99,703	0.00-7.07	169
Others	<u>170,058</u>	0.00-7.70	<u>1,686</u>	<u>230,624</u>	0.00-7.07	<u>1,629</u>
	<u>\$ 1,712,677</u>		<u>\$ 13,631</u>	<u>\$ 1,559,213</u>		<u>\$ 8,820</u>

The terms of the transactions with related parties were similar to those for third parties, except for certain preferential interest rate, which was 7.70% and 7.07% as of December 31, 2022 and 2021, respectively, for employees' savings and loans.

h. Other operating expenses

Related Party Categories/Name	For the Year Ended December 31	
	2022	2021
Related party is substance/others	<u>\$ 1,559</u>	<u>\$ 2,809</u>

i. Lease agreements - the Group is lessee

Lessor	Object	Period
Related party in substance	Office and parking space	1-4 years
Related party in substance	Land	5-20 years
Associates	Vehicles	2 years

Related Party Categories/Name	For the Year Ended December 31	
	2022	2021
<u>Acquisition of right-of-use assets</u>		
Related party is substance/others	<u>\$ -</u>	<u>\$ 4,713</u>

Line Items	Related Party Categories/Name	December 31	
		2022	2021
Lease liabilities	Related party in substance/Shin Kong Textile Co., Ltd.	\$ 249,924	\$ 269,365
	Related party in substance/others	<u>-</u>	<u>15,216</u>
		<u>\$ 249,924</u>	<u>\$ 284,581</u>

Related Party Categories/Name	For the Year Ended December 31	
	2022	2021
Interest expense		
Related party is substance/others	<u>\$ 2,617</u>	<u>\$ 2,944</u>
Lease expense		
Related party is substance/others	<u>\$ 96</u>	<u>\$ 369</u>

j. Lease agreements

Operating lease

Lessor	Object	Period	Rent Income	
			For the Year Ended	
			December 31	
			2022	2021
Related party in substance/others	Buildings and parking spaces	March 1, 2020-February 28, 2030	\$ 630	\$ 630

k. Loans from related parties

Related Party Categories/Name	December 31	
	2022	2021
Related party is substance/others	\$ 150,000	\$ -

Interest expense

Related Party Categories/Name	For the Year Ended December 31	
	2022	2021
Related party is substance/others	\$ 826	\$ 599

The Group obtained loans from related parties bear interest at rates comparable to market rates.

l. Others

Other income

Related Party Categories/Name	For the Year Ended December 31	
	2022	2021
Associates/others	\$ 32,006	\$ -

m. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 43,934	\$ 39,183
Post-employment benefits	1,623	1,450
Others	8,673	5,950
	<u>\$ 54,230</u>	<u>\$ 46,583</u>

n. Capital increase to related parties

In August 2022 and September 2021, the Group paid \$4,200 thousand and \$4,200 thousand in cash to acquire additional new shares of Ecofun Lab Corporation. The Group's interest in Ecofun Lab Corporation remained at 33.33%. However, it is still classified as investment in an associate as the Group does not have control over Ecofun Lab Corporation.

In 2021, the Group paid \$10,000 thousand and \$235,000 thousand in cash to establish and acquire additional new shares of Shinsol Advanced Chemical Corporation. The Group's interest in Shinsol Advanced Chemical Corporation is 49%. However, Shinsol Advanced Chemical Corporation is classified as investment in an associate by the Group.

o. Shares acquired from key management

In August 2021, the Group paid \$47,029 thousand (2,621 thousand shares) in cash to acquire an additional interest in Shinkong Polyester Film Corp., Ltd. from the key management of the Group.

42. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and the tariff of imported raw materials guarantees:

Pledged Asset	Type	December 31	
		2022	2021
Other financial assets - current	Refundable deposits, demand deposits, time deposits, pledged time deposits and restricted demand deposits	\$ 843,196	\$ 730,471
Other financial assets - non-current	Pledged time deposits	134,115	125,237
Financial assets at fair value through other comprehensive income - current and non-current	Listed shares	3,353,984	3,864,564
Financial assets at amortized cost - current	Trust fund compensation provision	894,078	1,853,463
Property, plant and equipment and investment properties	Land, buildings and machineries	<u>5,835,172</u>	<u>5,948,802</u>
		<u>\$ 11,060,545</u>	<u>\$ 12,522,537</u>

As of December 31, 2022 and 2021, the interest rates for the pledged deposits both ranged from 0.5% to 1.02% and 0.38% to 1.25%, respectively.

43. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2022 and 2021 were as follows:

a. Letters of credit

Outstanding letters of credit not reflected in the accompanying consolidated financial statements as of December 31, 2022 and 2021 were as follows:

	December 31	
	2022	2021
EUR	\$ 5,932	\$ 31,419
JPY	156,710	190,755
USD	2,606	11,203
THB	58,757	-

b. Significant commitments and contingent liabilities of Taipei Star Bank

As of December 31, 2022 and 2021, the significant commitments and contingent liabilities of Taipei Star Bank were as follows:

	December 31	
	2022	2021
Unused loan commitments	\$ 19,817,573	\$ 17,181,911
Guarantees	23,700	274,628
Letters of credit	7,483	27,531
Trust liabilities	14,913,077	13,475,678

c. Trust assets

According to Article 17 of the Enforcement Rules of the Trust Enterprise Act, the Bank discloses assets and liabilities of trust accounts and inventory of trust assets as follows:

**Trust Account Balance Sheet
December 31, 2022**

Trust Assets	Amount	Trust Liabilities	Amount
Bank deposits	\$ 1,356,438	Trust capital	
Short-term investments		Funds and investment	\$ 4,033,328
Mutual funds	3,202,751	Securities and investment	1,492,106
Securities	513,600	Real estate and investment	8,959,895
Securities	1,579,703	Net loss	416,837
Real estate		Deferred income	<u>10,911</u>
Land	6,599,335		
Buildings	22,152		
Construction in progress	<u>1,639,098</u>		
	<u>\$ 14,913,077</u>		<u>\$ 14,913,077</u>

**Trust Account Statement of Income
For the Year Ended December 31, 2022**

Income from trust	
Dividend income	\$ 436,978
Interest income	<u>487</u>
	437,465
Expense from trust	
Management fee	(920)
Insurance expense	(173)
Remittance charge	(5,892)
Tax expense	(12,795)
Interest expense	(826)
Exchange expense	<u>(22)</u>
	<u>(20,628)</u>
Net gain before tax	416,837
Income tax expense	<u>-</u>
Net gain	<u>\$ 416,837</u>

The summary of trust assets as of December 31, 2022 is as follows:

Type	Amount
Bank deposits	\$ 1,356,438
Mutual funds	3,202,751
Bonds	513,600
Securities	1,579,703
Real estate	
Land	6,599,335
Buildings	22,152
Construction in progress	<u>1,639,098</u>
	<u><u>\$ 14,913,077</u></u>

**Trust Account Balance Sheet
December 31, 2021**

Trust Assets	Amount	Trust Liabilities	Amount
Bank deposits	\$ 1,010,463	Trust capital	
Short-term investments		Funds and investment	\$ 3,636,329
Mutual funds	3,291,807	Securities and investment	1,510,365
Securities	158,935	Real estate and investment	8,324,320
Securities	1,508,355	Net loss	(17,892)
Real estate		Deferred income	<u>22,556</u>
Land	6,353,170		
Buildings	38,704		
Construction in progress	<u>1,114,244</u>		
	<u><u>\$ 13,475,678</u></u>		<u><u>\$ 13,475,678</u></u>

**Trust Account Statement of Income
For the Year Ended December 31, 2021**

Income from trust	
Dividend income	\$ 36
Interest income	<u>40,677</u>
	40,713
Expense from trust	
Management fee	(8,876)
Insurance expense	(393)
Tax expense	(13,779)
Interest expense	(26,574)
Exchange expense	(8,954)
Other expense	(29)
	<u>-</u>
	(58,605)
Net loss before tax	(17,892)
Income tax expense	<u>-</u>
Net loss	<u><u>\$ (17,892)</u></u>

The summary of trust assets as of December 31, 2021 is as follows:

Type	Amount
Bank deposits	\$ 1,010,463
Mutual funds	3,291,807
Bonds	158,935
Securities	1,508,355
Real estate	
Land	6,353,170
Buildings	38,704
Construction in progress	<u>1,114,244</u>
	<u>\$ 13,475,678</u>

- d. An employee of the Group was investigated and prosecuted by the Taipei District Prosecutors Office for involvement in New Site Industries Group's fraud case, and the case was concluded. In the fourth quarter of 2020, Yuanta Commercial Bank Co., Ltd. accused the Company of violating employer's joint and several liability. Based on the opinion of lawyer, there is a civil liability and the Company recognized the related compensation amounts as provisions for loss on lawsuit. Please refer to the Note 29.

44. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	December 31			
	2022		2021	
	Foreign Currency (In Thousands)	Exchange Rate	Foreign Currency (In Thousands)	Exchange Rate
<u>Financial assets</u>				
Monetary items				
USD	\$ 227,056	30.71	\$ 294,335	27.68
EUR	4,579	32.72	4,634	31.32
JPY	1,139,982	0.2324	2,125,273	0.2405
RMB	13,618	4.408	9,719	4.344
<u>Financial liabilities</u>				
Monetary items				
USD	14,353	30.71	27,613	27.68
EUR	331	32.72	22	31.32
JPY	643,097	0.2324	1,092,849	0.2405

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$852,066 thousand and \$(248,321) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

45. DISCLOSURES ACCORDING TO REGULATIONS GOVERNING THE PREPARATION OF FINANCIAL REPORTS BY PUBLIC BANKS

a. Financial instruments

1) Fair value of financial instruments not measured at fair value

Except as detailed in the following table, the management of Taipei Star Bank considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values; therefore, the fair value hierarchy is not disclosed.

December 31, 2022

	Carrying Amount	Estimated Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost - debt instruments	\$ 18,526,163	\$ 8,494,424	\$ 9,251,921	\$ 198,079	\$ 17,944,424
<u>Financial liabilities</u>					
Financial liabilities at amortized cost Financial debenture	1,820,000	-	1,822,518	-	1,822,518

December 31, 2021

	Carrying Amount	Estimated Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost - debt instruments	\$ 20,823,809	\$ 9,840,959	\$ 10,946,349	\$ 202,292	\$ 20,989,600
<u>Financial liabilities</u>					
Financial liabilities at amortized cost Financial debenture	1,820,000	-	1,842,085	-	1,842,085

The fair values of the financial assets and financial liabilities included in the Level 2 and Level 3 categories above have been determined in accordance with the income approach based on a discounted cash flow analysis.

2) Fair value of financial instruments measured at fair value on a recurring basis

a) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative	\$ -	\$ 613,121	\$ -	\$ 613,121
Short-term transactions instruments	<u>398,478</u>	<u>-</u>	<u>-</u>	<u>398,478</u>
	<u>\$ 398,478</u>	<u>\$ 613,121</u>	<u>\$ -</u>	<u>\$ 1,011,599</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI	\$ 476,258	\$ -	\$ 37,951	\$ 514,209
Investments in debt instruments at FVTOCI	<u>881,759</u>	<u>1,352,475</u>	<u>-</u>	<u>2,234,234</u>
	<u>\$ 1,358,017</u>	<u>\$ 1,352,475</u>	<u>\$ 37,951</u>	<u>\$ 2,748,443</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives	<u>\$ -</u>	<u>\$ (8,140)</u>	<u>\$ -</u>	<u>\$ (8,140)</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative	\$ -	\$ 439,905	\$ -	\$ 439,905
Short-term transactions instruments	<u>1,099,521</u>	<u>-</u>	<u>-</u>	<u>1,099,521</u>
	<u>\$ 1,099,521</u>	<u>\$ 439,905</u>	<u>\$ -</u>	<u>\$ 1,539,426</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI	\$ 480,703	\$ -	\$ 36,190	\$ 516,893
Investments in debt instruments at FVTOCI	<u>1,434,442</u>	<u>899,952</u>	<u>-</u>	<u>2,334,394</u>
	<u>\$ 1,915,145</u>	<u>\$ 899,952</u>	<u>\$ 36,190</u>	<u>\$ 2,851,287</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives	<u>\$ -</u>	<u>\$ (4,992)</u>	<u>\$ -</u>	<u>\$ (4,992)</u>

There were no transfers between Levels 1 and 2 in the years ended December 31, 2022 and 2021.

b) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2022	\$ 36,190
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>1,761</u>
Balance at December 31, 2022	<u>\$ 37,951</u>

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2021	\$ 42,051
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>(5,861)</u>
Balance at December 31, 2021	<u>\$ 36,190</u>

c) Valuation technique and assumptions used for fair value measurement

The fair values of financial assets and financial liabilities traded on active markets are determined with reference to quoted market prices. When market prices are not available, valuation techniques are applied. The estimates and assumptions used by Taipei Star Bank for financial instrument valuation is consistent with those used by other market participants in pricing of financial instruments. Fair values of derivatives that have no quoted market prices in an active market are calculated using the discounted cash flow method, the fair value of each individual contract is calculated based on the exchange rates quoted by Reuters on each settlement date.

d) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Based on the exchange rates quoted by Reuters on each settlement date.

(Continued)

Financial Instruments	Valuation Techniques and Inputs
Derivatives - convertible bond asset swap	The value of convertible bond asset swap is the conversion price plus the fixed income value minus the conversion option value. The average price is input into the SYSTEX information system to calculate value of convertible bond asset swap and convertible option. The interbank overnight call loan rate, TAIBIR and IRS from Bloomberg are input into the SYSTEX information system to calculate the discounted fixed income.
Investments in debt instruments	Based on market quoted prices or prices quoted by Bloomberg.
	(Concluded)

e) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Unlisted equity securities - ROC	Discounted cash flow: Future cash flows are estimated based on observable cash dividends at the end of the reporting period and other parameters, discounted at a rate that reflects the credit risk of various counterparties.

f) Sensitivity analysis of reasonable possible alternative assumptions for Level 3 fair value measurement

The significant unobservable inputs of the income approach used by Taipei Star Bank are the discount rate, non-controlling equity discount rate and the liquidity discount ratio. The sensitivity analysis is as follows:

December 31, 2022		
Significant Unobservable Input	Range of Changes	Affected Amount
Discount rate	1% increase	\$ (2,065)
	1% decrease	2,573
Discount for lack of marketability	10% increase	(5,025)
	10% decrease	5,025

December 31, 2021		
Significant Unobservable Input	Range of Changes	Affected Amount
Discount rate	1% increase	\$ (1,480)
	1% decrease	1,775
Discount for lack of marketability	10% increase	(4,510)
	10% decrease	4,510

3) Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 1,011,599	\$ 1,539,426
Financial assets at FVTOCI	2,748,443	2,851,287
Financial assets at amortized cost (a)	82,732,152	85,488,661
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	8,140	4,992
Amortized cost (b)	80,978,922	84,827,098

- a) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, due from the Central Bank and call loans to other banks, debt investments, bills and bonds purchased under resale agreements, trade receivables, discounts and loans and refundable deposits.
- b) The balances include financial liabilities at amortized cost, which comprise due to the Central Bank and other banks, funds borrowed from the Central Bank and other banks, bills and bonds sold under repurchase agreements, trade payables, deposits and remittances, bonds issued, other financial liabilities and deposits.

b. Financial risk management objectives and policies

Taipei Star Bank has rules for risk management policies and risk control procedures, which include organizational structure, procedures, mechanism and information system. The rules had been approved by the board of directors (including credit risks, market risks, operation risks, liquidity risks and national risks).

Taipei Star Bank has Risk Management Committee and Risk Management Division, and takes the full responsibility for risk management in order to operate risk management effectively. Chief Executive Officer as the chairman of Risk Management Committee, and Vice Chief Executive Officer as substitute. Risk Management Committee takes charge of risk management as follows:

- 1) Monitoring capital adequacy.
- 2) Measurement and monitoring liquidity risks.
- 3) Risk management of every business segment.
- 4) Assessment of asset quality, classification and loss allowance.
- 5) Information security protection mechanism and emergency response plan.
- 6) Planning, proposal and assessment of risk management policies.
- 7) Reporting implementation status of risk management to the board of directors.
- 8) The Risk Management Committee can assign specialists who are responsible for specific risk tasks, in order to achieve the goals of risk management.

Member of Risk Management Committee sets risk management measurement index depend on their business, and report to Risk Management Committee as a reference for decision making.

1) Market risk

Fair value changes of Taipei Star Bank's fixed rate debt instruments, bills, loans and other financial instruments, when the market rate changes on the balance sheet date.

Sensitivity analysis

a) Interest rate risk

If interest rates had been 100 basis points higher and all other variables were held constant, Taipei Star Bank pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased by \$575 thousand and \$545 thousand, respectively, and the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have decreased by \$68,871 thousand and \$80,770 thousand, respectively.

b) Foreign currency risk

If exchange rates of USD/NTD and RMB/NTD strengthened by 3% and all other variables were held constant, the pre-tax profit of Taipei Star Bank for the years ended December 31, 2022 and 2021 would have increased by \$12,785 thousand and \$12,550 thousand, respectively, and the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased by \$12,123 thousand and \$12,959 thousand, respectively.

c) Equity price risk

If equity prices had been 15% higher and all other variables were held constant, the Taipei Star Bank pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased by \$77,131 thousand and \$77,534 thousand, respectively.

d) Summarized sensitivity analysis

December 31, 2022			
Main Risk	Range of Changes	Impact Amounts	
		Equity	Profit/Loss
Interest rate risk	Interest rate yield higher 100BPS	\$ (69,446)	\$ (575)
Interest rate risk	Interest rate yield lower 100BPS	69,446	575
Foreign currency risk	USD/NTD and RMB/NTD strengthen 3%	24,908	12,785
Foreign currency risk	USD/NTD and RMB/NTD weakening 3%	(24,908)	(12,785)
Equity price risk	Equity price higher 15%	77,131	-
Equity price risk	Equity price lower 15%	(77,131)	-

December 31, 2021			
Main Risk	Range of Changes	Impact Amounts	
		Equity	Profit/Loss
Interest rate risk	Interest rate yield higher 100BPS	\$ (81,315)	\$ (545)
Interest rate risk	Interest rate yield lower 100BPS	81,315	545
Foreign currency risk	USD/NTD and RMB/NTD strengthen 3%	25,509	12,550
Foreign currency risk	USD/NTD and RMB/NTD weakening 3%	(25,509)	(12,550)
Equity price risk	Equity price higher 15%	77,534	-
Equity price risk	Equity price lower 15%	(77,534)	-

2) Interest rate risk

a) Definition of interest rate risk

Interest rate risk refers to the change in interest rate, which causes Taipei Star Bank to bear the risk of changes in the fair value of the interest rate risk or the loss of surplus liquidity. The main sources of risk include deposits and interest rate-related securities.

b) Measurement methods and management procedures

Taipei Star Bank regularly reports the monitoring results to the Risk Management Committee and the board of directors for interest rate risk, and makes adjustment according to the overall operating conditions.

c) The effect of interest rate benchmark reform

For the financial instruments of Taipei Star Bank that are affected by changes in interest rate benchmark, the linked indicator interest rates include USD LIBOR. It is expected that the US Secured Overnight Financing Rate (SOFR) will replace the USD LIBOR. However, there is a fundamental difference between the replacement interest rate and LIBOR. LIBOR is a forward-looking interest rate indicator that implies market expectations for future interest rate trends and includes inter-bank credit discounts. Each alternative interest rate is a retrospective interest rate indicator calculated with reference to actual transaction data, which does not include a credit discount. Therefore, when an existing contract is modified from a linked LIBOR to a linked alternative interest rate, additional adjustments must be made to the aforementioned differences to ensure that the interest rate basis before and after the modification is economically equivalent.

Taipei Star Bank has formulated a LIBOR conversion plan to deal with risk management policy adjustments, internal process adjustments, information system updates, financial instrument evaluation model adjustments, and related accounting or tax issues that are required to meet the changes in interest rate benchmark. Taipei Star Bank has identified all the information systems and internal processes that need to be updated and completed some of the updates. Taipei Star Bank has discussed how to modify its financial contracts.

Taipei Star Bank that have been affected by the change in interest rate benchmark and have not yet converted to alternative interest rate benchmark are summarized as follows:

December 31, 2022

Non-derivative Financial	Amount	
	Financial Assets	Financial Liabilities
<u>Discounts and loans, net</u>		
USD LIBOR	\$ -	\$ -
<u>Financial assets at fair value through other comprehensive income</u>		
USD LIBOR	92,124	-
<u>Financial assets at amortized cost</u>		
USD LIBOR	<u>311,020</u>	<u>-</u>
	<u>\$ 403,144</u>	<u>\$ -</u>

December 31, 2021

Non-derivative Financial	Amount	
	Financial Assets	Financial Liabilities
<u>Discounts and loans, net</u>		
USD LIBOR	\$ 51,919	\$ -
<u>Financial assets at fair value through other comprehensive income</u>		
USD LIBOR	401,570	-
<u>Financial assets at amortized cost</u>		
USD LIBOR	<u>498,918</u>	<u>-</u>
	<u>\$ 952,407</u>	<u>\$ -</u>

3) Credit risk

Credit risk refers to Taipei Star Bank's exposure to financial losses due to inability of customers or counterparties to meet the contractual obligations on financial instruments. When offering loans, loan commitments and guarantees, Taipei Star Bank adopts cautious approach in the assessment process. Secured loans constituted 97% and 96% of all loans as of December 31, 2022 and 2021, respectively. Pledged assets are properties, cash, securities and other assets, when counterparties inability to meet the contractual obligations, Taipei Star Bank has the right to obtain pledged assets and reduce credit risk. However, the fair value of pledged assets is not considered in the disclosure of exposure amounts.

a) Credit risk management procedures

The credit risk management procedures and measurement methods of Taipei Star Bank's main business are as follows:

i. Credit granting business

The loss allowance on Taipei Star Bank's discounts and loans whose credit risk have not increased significantly since initial recognition is evaluated using 12-month ECLs; for the discounts and loans whose credit risk have increased significantly or have defaulted and financial assets that are credit-impaired, Lifetime ECLs are used to evaluate the loss allowance.

Determination that credit risk has increased significantly since initial recognition

At the end of each reporting period, Taipei Star Bank assesses the changes in risk of default over the expected lifetime of the discounts and loans to determine if credit risk has increased significantly since initial recognition. For this assessment, reasonable and corroborative information that indicates that credit risk has increased significantly is taken into consideration, the main indicators include:

Quantitative indicators

Past due for at least a certain number of days.

Qualitative indicators

- i) Significant changes in expected or actual operating results.
- ii) Current or expected worsening of debt payment ability due to unfavorable changes in operating, financial or economic conditions.

Definition of credit-impaired and defaulted financial assets

If one or more of the following conditions are met, Taipei Star Bank determines that the financial assets have defaulted and are credit-impaired.

Quantitative indicators

Loans that met the definition of overdue loans in accordance with "Non-performing loans from Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans".

Qualitative indicators

If there is evidence showing the inability of the borrower to repay the loan or showing that the borrower is in significant financial difficulties, such as the following:

- i) Borrower met the requirements of exemption from reporting in accordance with "Nonperforming loans from Regulations Governing the Procedures for Banking".
- ii) New payment schedule is negotiated so that the loan is not classified as non-performing.

iii) Do not belong to the aforementioned non-performing loans, but showing signs of significant financial difficulties or bad credit record such as the following:

- Reported a returned check issued by debtor or on a “No business transaction” list.
- There are cases of overdue loans of the borrower or its enterprise with other financial institutions.
- Businesses operated or invested in by the borrower or its affiliates have ceased operations.
- Returned check not make up or pledged shares account decrease from loans maintenance ratio to minimum notification recovery maintenance ratio, and did not return to the standard ratio within the specified period.
- Situations where the pledged collateral of the debtor is seized by another bank, receivables have been reclassified as overdue receivables by another financial institution, debtor has filed for bankruptcy, reorganization, or other debt clearance proceedings, or when the auditor has issued an opinion expressing material uncertainty over the Company’s ability to continue as a going concern.

The definition of defaulted and credit-impaired credit assets above is applicable to all financial assets of Taipei Star Bank, and used in the model for impairment assessment.

Measurement of expected credit loss

For the measurement of expected credit loss, Taipei Star Bank classified the credit assets based on credit risk characteristics such as purpose of borrowings, industry characteristics, type of collateral, and borrowing status into the following groups:

Business	Type of Collateral	Credit Risk Group
Corporate banking	State-owned enterprises	
	Pledged time deposits	
	Corporate banking - secured borrowings	Small and medium enterprises - credit guaranteed
		Small and medium enterprises - non-credit guaranteed
		Non small and medium enterprises
	Corporate banking - unsecured borrowings	Small and medium enterprises - non-credit guaranteed
		Non small and medium enterprises
Consumer banking	Consumer banking - secured borrowings	Property, plant and equipment
		Pledged shares
		Others
	Consumer banking - unsecured borrowings	Check financing
		Consumer credit
		Self-negotiating and resolving
		Consumer debt clearance
		Others

Taipei Star Bank adopted the 12-month ECL model to evaluate the loss allowance of financial instruments whose credit risk have not increased significantly since initial recognition, and adopted the lifetime ECL model to evaluate the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or those that are credit-impaired.

Taipei Star Bank considers both the 12-month and lifetime probability of default (PD) of the borrower with the loss given default (LGD), multiplied by the exposure at default (EAD), as well as the impact of time value, to calculate the respective 12-month ECLs and lifetime ECLs.

“PD” refers to the borrower’s probability of default and “LGD” refers to losses caused by the default. Taipei Star Bank applies the “PD” and “LGD” to the credit business according to each group’s historical information (such as credit loss experience) from internal historical data, and adjusts the historical data based on current observable and forward-looking macroeconomic information, and calculates by the grouping and estimation method.

Taipei Star Bank estimates the account balance based on the grouping and estimation method. In addition, Taipei Star Bank estimates the 12-month ECLs and Lifetime ECLs of loan commitments by considering the portion of the loan commitments expected to be used within 12 months after the reporting date and within the expected lifetime based on the grouping and estimation method to determine the amount of EAD for calculating expected credit losses.

Forward-looking information

The Taiwan Corporate Credit Risk Index (TCRI) and unemployment rate announced by the government of the ROC are used as indicators to adjust the probability of default and are included in the evaluation of the loss allowance of financial instruments.

ii. Investments in debt instruments

Taipei Star Bank considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecasts when estimating 12-month or lifetime expected credit losses.

Determination that credit risk has increased significantly since initial recognition

At the end of each reporting period, Taipei Star Bank assesses the changes in risk of default over the expected lifetime of the discounts and loans to determine if credit risk has increased significantly since initial recognition. For this assessment, reasonable and corroborative information that indicates that credit risk has increased significantly is taken into consideration, the main indicators include:

Quantitative indicators

According to the changes in external credit ratings, Taipei Star Bank determines the investments in debt instruments whose credit risk has increased significantly since initial recognition at the end of the reporting period.

The three stages of impairment are as follows:

- i) Stage 1 (low-risk or no significant increase): No changes in external credit ratings or do not conform to the definition of Stage 2 and 3.

- ii) Stage 2 (significant increase in credit risk): Rating is over Baa3 on the initial recognition date, and rating is lower than Ba1, not including ratings of Ca-D on the measurement date; rating is Ba1-Ba3 on the initial recognition date, and rating is downgraded to B1-Caa3 on the measurement date; Rating is B1-Caa3 on the initial recognition date; rating provided by external credit agencies is Baa3/BBB-/BBB-.
- iii) Stage 3 (credit impaired): The rating is Ca-D on the measurement date or have defaulted.

Measurement of ECLs

- i) The measurement of ECLs of debt instruments will be done on a group basis based on the nature of the products.
- ii) At the end of the reporting period, Taipei Star Bank evaluates the risk of default occurring over the expected life of debt instruments, to determine if the credit risk has increased significantly since original recognition.
 - Normal credit risk, based on the probability of default (PD) within one year.
 - Significant increase in credit risk, based on the probability of default (PD) over the full lifetime of the debt instruments, if cash flow can be assessed, the discounted cash flow method is used to measure ECLs.
 - Abnormal credit risk, probability of default (PD) is 100%, probability of default (PD) over the full lifetime of the debt instruments is not considered, only the recoverable amount is considered in the measurement of ECLs.
 - Taipei Star Bank assesses the PD of investments in debt instruments using data from external credit rating agencies to calculate the PD of different secured or unsecured repayment orders.

b) Credit risk hedging or mitigation policies

i. Collateral

Taipei Star Bank has a series of measures for credit granting to reduce credit risks. One of the procedures is requesting for collateral from the borrowers. To secure the loans, Taipei Star Bank manages and assesses the collateral based on the procedures that suggest the scope of collateralization and valuation of collateral and the process of disposal. In credit contracts, Taipei Star Bank stipulates the security mechanism for loans and the conditions and terms for collateral and offsetting to state clearly that Taipei Star Bank reserves the right to reduce the limit granted or to reduce the repayment period in order to reduce the credit risks.

Taipei Star Bank closely observes the value of collateral of financial assets and considers the financial assets that need to be recognized for impairment or those that are already impaired. The following table details the value of collateral of credit-impaired financial assets or those that need to be recognized for impairment.

	Gross Carrying Amount	Loss Allowance	Exposure (At Amortized Cost)	Collateral Fair Value
Credit-impaired financial assets:				
Receivables				
Credit card business	\$ -	\$ -	\$ -	\$ -
Others	1,155	(85)	1,070	-
Discounts and loans	<u>240,181</u>	<u>(16,699)</u>	<u>223,482</u>	<u>223,482</u>
Total amount of credit-impaired financial assets	<u>\$ 241,336</u>	<u>\$ (16,784)</u>	<u>\$ 224,552</u>	<u>\$ 223,482</u>

ii. Credit risk concentration limits and control

To avoid over concentration of credit risks, Taipei Star Bank has included credit limits for a single counterparty and for a single group in its credit-related guidelines. Taipei Star Bank has also included credit limits for an individual (entity) and for related enterprises (group) in the guidelines for investment and regulations for risk control on equity investments. To manage the concentration risk on the assets, Taipei Star Bank set credit limits by industry, conglomerate, country, transactions collateralized by shares, and other categories and integrated within one system the supervision of concentration of credit risk in these categories.

iii. Other credit enhancements

To reduce credit risk, Taipei Star Bank stipulates in its credit contracts the terms for offsetting which clearly defines that Taipei Star Bank reserves the right to offset the borrowers' debt against their deposits in Taipei Star Bank.

c) Credit risk exposure

Credit risk exposure is evaluated based on the positive fair value on the balance sheet date and off-balance loan commitments and other guaranteed commitments.

Except off-balance sheet credit risk exposure, the maximum credit risk exposures of various financial instruments held by the Taipei Star Bank are the same as the per book amounts.

i. Off-balance sheet credit risk exposure

	December 31	
	2022	2021
Commitments	\$ 19,817,573	\$ 17,181,911
Guarantees	23,700	274,628
Letters of credit	7,483	27,531

ii. Concentration of credit risk

Concentration of credit risk exists when the counterparty of financial transactions are concentrated on one individual or when there is more than one counterparty but they are engaged in similar business activities or have similar economic characteristics, which result in their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Taipei Star Bank did not have transactions involving a single customer or counterparty, but has transactions with counterparties with similar industries or geographical locations. The contract amounts of significant concentration of credit risk and their maximum amounts of credit risk are as follows:

Group or Industry	December 31	
	2022	2021
Natural person	\$ 35,775,482	\$ 36,036,759
Real estate	13,078,469	12,015,034
Manufacturing	332,370	509,914
Wholesale, retail and restaurants	1,809,518	1,419,254
Construction	833,616	776,403
Others	<u>3,867,348</u>	<u>3,378,477</u>
	<u>\$ 55,696,803</u>	<u>\$ 54,135,841</u>

Region	December 31	
	2022	2021
Domestic	\$ 55,643,258	\$ 54,055,196
Overseas	<u>53,545</u>	<u>80,645</u>
	<u>\$ 55,696,803</u>	<u>\$ 54,135,841</u>

d) Credit quality information

Some financial assets held by Taipei Star Bank, such as cash and cash equivalents, due from the Central Bank and call loans to other banks, financial assets at fair value through profit or loss, bills and bonds purchased under resale agreements and refundable deposits, are exposed to low credit risks because the counterparties have high credit ratings.

In addition to the above-mentioned assets, credit quality analyses on other financial assets were as follows:

i. Analysis of credit quality of discounts and loans

December 31, 2022

	Discounts and Loans				
	December 31, 2022				
	Stage 3				Total
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Credit- impaired Financial Assets)	Difference of Impairment Loss Recognized	
Gross carrying amount	\$ 54,439,520	\$ 985,919	\$ 240,181	\$ -	\$ 55,665,620
Loss allowance	(41,715)	(5,932)	(16,699)	-	(64,346)
Difference of impairment loss under regulations	-	-	-	(600,065)	(600,065)
	<u>\$ 54,397,805</u>	<u>\$ 979,987</u>	<u>\$ 223,482</u>	<u>\$ (600,065)</u>	<u>\$ 55,001,209</u>

Trades Receivable and Other Financial Assets					
December 31, 2022					
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Collectively Assessed)	Stage 3 Lifetime ECLs (Credit- impaired Financial Assets)	Difference of Impairment Loss Recognized	Total
Gross carrying amount	\$ 6,941,340	\$ 2,400	\$ 1,155	\$ -	\$ 6,944,895
Loss allowance	(45)	(3)	(85)	-	(133)
Difference of impairment loss under regulations	-	-	-	(647)	(647)
	<u>\$ 6,941,295</u>	<u>\$ 2,397</u>	<u>\$ 1,070</u>	<u>\$ (647)</u>	<u>\$ 6,944,115</u>

Off-balance Sheet Commitments					
December 31, 2022					
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Collectively Assessed)	Stage 3 Lifetime ECLs (Credit- impaired Financial Assets)	Difference of Impairment Loss Recognized	Total
Gross carrying amount	\$ 31,183	\$ -	\$ -	\$ -	\$ 31,183
Loss allowance	(21)	-	-	-	(21)
Difference of impairment loss under regulations	-	-	-	(315)	(315)
	<u>\$ 31,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (315)</u>	<u>\$ 30,847</u>

December 31, 2021

Discounts and Loans					
December 31, 2021					
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Collectively Assessed)	Stage 3 Lifetime ECLs (Credit- impaired Financial Assets)	Difference of Impairment Loss Recognized	Total
Gross carrying amount	\$ 53,105,423	\$ 489,851	\$ 238,409	\$ -	\$ 53,833,683
Loss allowance	(35,574)	(5,636)	(15,242)	-	(56,452)
Difference of impairment loss under regulations	-	-	-	(558,851)	(558,851)
	<u>\$ 53,069,849</u>	<u>\$ 484,215</u>	<u>\$ 223,167</u>	<u>\$ (558,851)</u>	<u>\$ 53,218,380</u>

Trades Receivable and Other Financial Assets					
December 31, 2021					
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Collectively Assessed)	Stage 3 Lifetime ECLs (Credit- impaired Financial Assets)	Difference of Impairment Loss Recognized	Total
Gross carrying amount	\$ 9,869,333	\$ 1,417	\$ 874	\$ -	\$ 9,871,624
Loss allowance	(29)	(2)	(57)	-	(88)
Difference of impairment loss under regulations	-	-	-	(526)	(526)
	<u>\$ 9,869,304</u>	<u>\$ 1,415</u>	<u>\$ 817</u>	<u>\$ (526)</u>	<u>\$ 9,871,010</u>

Off-balance Sheet Commitments					
December 31, 2021					
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Collectively Assessed)	Stage 3 Lifetime ECLs (Credit- impaired Financial Assets)	Difference of Impairment Loss Recognized	Total
Gross carrying amount	\$ 325,699	\$ -	\$ -	\$ -	\$ 325,699
Loss allowance	(3,167)	-	-	-	(3,167)
Difference of impairment loss under regulations	-	-	-	(1,582)	(1,582)
	<u>\$ 322,532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,582)</u>	<u>\$ 320,950</u>

ii. Analysis of credit quality of marketable securities

Credit quality of debt instruments

Investments in debt instruments were classified as at FVTOCI and as at amortized cost.

December 31, 2022	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 2,308,007	\$ 18,530,830
Loss allowance	(1,434)	(4,667)
Amortized cost	2,306,573	18,526,163
Adjustments to fair value	(72,339)	-
	<u>\$ 2,234,234</u>	<u>\$ 18,526,163</u>
December 31, 2021	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 2,337,546	\$ 20,828,189
Loss allowance	(1,636)	(4,380)
Amortized cost	2,335,910	20,823,809
Adjustments to fair value	(1,516)	-
	<u>\$ 2,334,394</u>	<u>\$ 20,823,809</u>

Taipei Star Bank's current credit risk grading framework comprises the following categories:

December 31, 2022

Credit Rating	Description	Basis for Recognizing Expected Credit Losses	Expected Credit Loss Rate	Gross Carrying Amount
Stage 1 (low credit risk)	No changes in external credit ratings and do not conform to the definition of Stages 2 and 3.	12-month ECLs	0.00%-0.30%	\$ 20,838,837

Credit Rating	Description	Basis for Recognizing Expected Credit Losses	Expected Credit Loss Rate	Gross Carrying Amount
Stage 2 (significant increase in credit risk)	The rating is over Baa3 on the initial recognition date, and the rating is lower than Ba1, not including ratings of Ca-D on the measurement date. The rating is Ba1-Ba3 on the initial recognition date, and the rating is downgraded to B1-Caa3 on the measurement date. B1-Caa3 on the initial recognition date.	Lifetime ECLs (not credit impaired)	-	\$ -
Stage 3 (credit impaired)	The rating is Ca-D on the measurement date and defaulted.	Lifetime ECLs (credit impaired)	-	-

December 31, 2021

Credit Rating	Description	Basis for Recognizing Expected Credit Losses	Expected Credit Loss Rate	Gross Carrying Amount
Stage 1 (low credit risk)	No changes in external credit ratings and do not conform to the definition of Stages 2 and 3.	12-month ECLs	0.00%-0.34%	\$ 23,065,735
Stage 2 (significant increase in credit risk)	The rating is over Baa3 on the initial recognition date, and the rating is lower than Ba1, not including ratings of Ca-D on the measurement date. The rating is Ba1-Ba3 on the initial recognition date, and the rating is downgraded to B1-Caa3 on the measurement date. B1-Caa3 on the initial recognition date.	Lifetime ECLs (not credit impaired)	0.32%	100,000
Stage 3 (credit impaired)	The rating is Ca-D on the measurement date and defaulted.	Lifetime ECLs (credit impaired)	-	-

The allowance for impairment loss of investments in debt instruments at FVTOCI and at amortized cost grouped by credit rating is summarized as follows:

For the year ended December 31, 2022

	Credit Rating		
	Stage 1	Stage 2	Stage 3
Allowance for Impairment Loss	12-month ECLs	Lifetime ECLs Not Credit- impaired	Lifetime ECLs Credit- impaired
Balance at January 1, 2022	\$ 5,692	\$ 324	\$ -
Financial assets changed from normal to abnormal	-	-	-
New financial assets purchased	640	-	-
Derecognition	(260)	(324)	-
Change in exchange rates or others	(29)	-	-
Balance at December 31, 2022	<u>\$ 6,101</u>	<u>\$ -</u>	<u>\$ -</u>

For the year ended December 31, 2021

	Credit Rating		
	Stage 1	Stage 2	Stage 3
Allowance for Impairment Loss	12-month ECLs	Lifetime ECLs Not Credit- impaired	Lifetime ECLs Credit- impaired
Balance at January 1, 2021	\$ 4,639	\$ 728	\$ -
Financial assets changed from normal to abnormal	-	-	-
New financial assets purchased	2,632	-	-
Derecognition	(1,097)	-	-
Change in exchange rates or others	(482)	(404)	-
Balance at December 31, 2021	<u>\$ 5,692</u>	<u>\$ 324</u>	<u>\$ -</u>

3) Liquidity risk

Taipei Star Bank manages liquidity risk by maintaining adequate reserves, liquidity reserves ratio was 20% and 19% as of December 31, 2022 and 2021, respectively. The fund is sufficient to meet the needs of asset acquisition or debt repayment on maturity, therefore, there is no possibility of financial loss resulting from the shortage of funds. The liquidity risk is quite low due to there is minimum possibility of sell derivatives in a non-reasonable price.

The basic policy of Taipei Star Bank is to match the maturity profiles of financial assets and liabilities, and managed non-matching gap. Due to the uncertainty of transaction details and types, the maturity profiles of financial assets and liabilities cannot match the interest rates completely. This kind of gap can generate potential profit or loss, Taipei Star Bank classified financial assets and liabilities into different groups by its nature and assessed its liquidity as follows:

Financial Instruments	December 31, 2022					
	Less than 1 Month	1-6 Months	6-12 Months	1-7 Years	Over 7 Years	Total
<u>Assets</u>						
Cash and cash equivalents	\$ 2,167,735	\$ 114,456	\$ -	\$ -	\$ -	\$ 2,282,191
Due from the Central Bank and call loans to other banks	1,383,154	718,280	555,779	786,843	-	3,444,056
Financial assets at FVTPL	1,011,599	-	-	-	-	1,011,599
Financial assets at FVTOCI	-	-	-	2,685,487	62,956	2,748,443
Financial assets at amortized cost - debt investments	4,100,000	542,698	1,053,846	11,052,060	1,777,559	18,526,163
Bills and bonds purchased under resale agreements	3,306,098	-	-	-	-	3,306,098
Trade receivables	98,479	57,889	24,329	2,420	-	183,117
Discounts and loans	2,059,428	6,731,371	9,340,116	25,079,285	12,455,420	55,665,620
Total assets	<u>14,126,493</u>	<u>8,164,694</u>	<u>10,974,070</u>	<u>39,606,095</u>	<u>14,295,935</u>	<u>87,167,287</u>
<u>Liabilities</u>						
Due to the Central Bank and other banks	2,733,452	767,700	-	-	-	3,501,152
Financial liabilities at FVTPL	8,140	-	-	-	-	8,140
Bills and bonds sold under repurchase agreements	3,196,879	776,925	-	-	-	3,973,804
Trade payables	378,842	49,584	29,303	54,442	-	512,171
Deposits and remittances	6,033,406	23,186,348	16,532,506	25,399,615	-	71,151,875
Bonds	-	500,000	-	1,320,000	-	1,820,000
Lease liabilities	2,492	12,456	15,185	143,678	-	173,811
Total liabilities	<u>12,353,211</u>	<u>25,293,013</u>	<u>16,576,994</u>	<u>26,917,735</u>	<u>-</u>	<u>81,140,953</u>
	<u>\$ 1,773,282</u>	<u>\$ (17,128,319)</u>	<u>\$ (5,602,924)</u>	<u>\$ 12,688,360</u>	<u>\$ 14,295,935</u>	<u>\$ 6,026,334</u>
Financial Instruments	December 31, 2021					
	Less than 1 Month	1-6 Months	6-12 Months	1-7 Years	Over 7 Years	Total
<u>Assets</u>						
Cash and cash equivalents	\$ 1,467,611	\$ 126,043	\$ -	\$ -	\$ -	\$ 1,593,654
Due from the Central Bank and call loans to other banks	1,958,092	661,712	537,950	635,878	-	3,793,632
Financial assets at FVTPL	1,539,426	-	-	-	-	1,539,426
Financial assets at FVTOCI	69,247	-	249,525	2,532,515	-	2,851,287
Financial assets at amortized cost - debt investments	6,849,999	1,193,641	1,320,563	10,128,157	1,331,449	20,823,809
Bills and bonds purchased under resale agreements	5,871,318	-	-	-	-	5,871,318
Trade receivables	86,536	53,775	55,545	1,642	-	197,498
Discounts and loans	1,938,201	7,762,985	10,275,365	20,546,772	13,310,360	53,833,683
Total assets	<u>19,780,430</u>	<u>9,798,156</u>	<u>12,438,948</u>	<u>33,844,964</u>	<u>14,641,809</u>	<u>90,504,307</u>
<u>Liabilities</u>						
Due to the Central Bank and other banks	6,714,984	415,350	-	-	-	7,130,334
Funds borrowed from the Central Bank and other banks	-	399,590	-	-	-	399,590
Financial liabilities at FVTPL	4,992	-	-	-	-	4,992
Bills and bonds sold under repurchase agreements	3,706,882	182,669	-	-	-	3,889,551
Trade payables	349,891	105,250	84,982	51,642	-	591,765
Deposits and remittances	4,518,269	24,304,461	18,796,941	23,355,581	-	70,975,252
Bonds	-	-	-	1,000,000	820,000	1,820,000
Lease liabilities	2,447	12,468	15,252	167,141	-	197,308
Total liabilities	<u>15,297,465</u>	<u>25,419,788</u>	<u>18,897,175</u>	<u>24,574,364</u>	<u>820,000</u>	<u>85,008,792</u>
	<u>\$ 4,482,965</u>	<u>\$ (15,621,632)</u>	<u>\$ (6,458,227)</u>	<u>\$ 9,270,600</u>	<u>\$ 13,821,809</u>	<u>\$ 5,495,515</u>

Analysis of cash outflows from nonderivative financial liabilities

Taipei Star Bank disclosed the analysis of cash outflows from nonderivative financial liabilities by the residual maturities as of the balance sheet date. The amounts of cash outflows are based on contractual cash flows, so some amounts may not correspond to those shown in the consolidated balance sheets.

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	\$ 2,733,452	\$ 767,700	\$ -	\$ -	\$ -	\$ 3,501,152
Bills and bonds purchased under resale agreements	3,202,181	779,967	-	-	-	3,982,148
Trade payables	378,842	23,292	26,292	29,303	54,442	512,171
Deposits and remittances	6,033,407	11,381,763	11,804,584	16,532,506	25,399,615	71,151,875
Bonds	-	-	500,000	-	1,320,000	1,820,000
Other items of cash outflow on maturity	3,708	5,275	7,913	15,825	459,658	492,379

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	\$ 6,714,984	\$ 415,350	\$ -	\$ -	\$ -	\$ 7,130,334
Funds borrowed from the Central Bank and other banks	-	-	399,590	-	-	399,590
Bills and bonds purchased under resale agreements	3,707,918	182,781	-	-	-	3,890,699
Trade payables	349,891	87,142	18,108	84,982	51,642	591,765
Deposits and remittances	4,518,269	11,487,806	12,816,655	18,796,941	23,355,581	70,975,252
Bonds	-	-	-	-	1,820,000	1,820,000
Other items of cash outflow on maturity	3,273	5,203	44,498	15,610	480,358	547,056

Analysis of cash outflows from derivative financial liabilities

Derivative financial liabilities to be settled at gross amounts

Derivatives: Foreign exchange contracts.

Taipei Star Bank assessed the maturity date of contracts to understand the basic elements of all derivative financial instruments shown in the consolidated balance sheets. The amounts used in the maturity analyses of derivative financial liabilities are based on contractual cash flows, so some may not correspond to the amounts shown in the consolidated balance sheets. The maturity analysis of derivative financial liabilities was as follows:

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivative						
Cash outflows	\$ 384,755	\$ 254,580	\$ -	\$ -	\$ -	\$ 639,335
Cash inflows	377,342	253,853	-	-	-	631,195
Subtotal of cash outflows	384,755	254,580	-	-	-	639,335
Subtotal of cash inflows	377,342	253,853	-	-	-	631,195
Net cash outflow (inflow)	\$ (7,413)	\$ (727)	\$ -	\$ -	\$ -	\$ (8,140)

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivative						
Cash outflows	\$ 1,193,291	\$ 78,783	\$ -	\$ -	\$ -	\$ 1,272,074
Cash inflows	1,188,679	78,403	-	-	-	1,267,082
Subtotal of cash outflows	1,193,291	78,783	-	-	-	1,272,074
Subtotal of cash inflows	1,188,679	78,403	-	-	-	1,267,082
Net cash outflow (inflow)	\$ (4,612)	\$ (380)	\$ -	\$ -	\$ -	\$ (4,992)

4) Maturity analysis of off-balance sheet items

Taipei Star Bank conducted the maturity analysis of off-balance sheet items based on the residual maturities as of the balance sheet date. For the financial guarantee contracts issued, the maximum amounts of the guarantees are included in the earliest periods that the guarantee obligation might have been required to be fulfilled. The amounts used in the maturity analysis of off-balance sheet items are based on contractual cash flows, so some amounts may not correspond to those shown in the consolidated balance sheets.

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Loan commitments issued	\$ 673,798	\$ 1,347,595	\$ 2,021,392	\$ 4,042,785	\$ 11,732,003	\$ 19,817,573
Letters of credit issued and yet unused	2,348	5,135	-	-	-	7,483
Other guarantees	700	-	-	-	23,000	23,700
Total	\$ 676,846	\$ 1,352,730	\$ 2,021,392	\$ 4,042,785	\$ 11,755,003	\$ 19,848,756

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Loan commitments issued	\$ 644,322	\$ 1,288,643	\$ 1,932,965	\$ 3,865,930	\$ 9,450,051	\$ 17,181,911
Letters of credit issued and yet unused	9,040	18,491	-	-	-	27,531
Other guarantees	150,000	100,000	8,000	12,628	4,000	274,628
Total	\$ 803,362	\$ 1,407,134	\$ 1,940,965	\$ 3,878,558	\$ 9,454,051	\$ 17,484,070

5) Cash flow risk of variable interest rate

The future cash flow of Taipei Star Bank's variable interest rate assets and variable interest rate liabilities can be fluctuation and have risk due to the change of market interest rate. After assessed by Taipei Star Bank, Taipei Star Bank decided to manage gap of cash flow to reduce risk from interest rate change.

c. Disclosure Requirement of Regulations Governing the Preparation of Financial Reports by Public Banks - Article 16

1) Asset quality

Period Items			December 31, 2022					December 31, 2021				
			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate Banking	Secured		\$ 30,425	\$ 17,888,549	0.17%	\$ 202,176	664.51%	\$ 47,986	\$ 16,078,281	0.30%	\$ 185,050	385.63%
	Unsecured		27	2,001,589	-	24,747	91,655.56%	725	1,718,643	0.04%	20,513	2,829.38%
Consumer Banking	Residential mortgage (Note 4)		-	6,864,829	-	102,126	-	14,382	7,387,587	0.19%	110,964	771.55%
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		1,059	48,478	2.18%	1,370	129.37%	1,027	60,951	1.68%	1,626	158.33%
	Other (Note 6)	Secured	122,638	28,627,335	0.43%	330,950	269.86%	86,486	28,508,531	0.30%	296,337	342.64%
		Unsecured	-	234,840	-	3,042	-	-	79,690	-	813	-
Total loans			154,149	55,665,620	0.28%	664,411	431.02%	150,606	53,833,683	0.28%	615,303	408.55%

Period Items		December 31, 2022					December 31, 2021				
		Nonper- forming Receivables	Receivables	Ratio of Nonper- forming Receivables	Allowance for Possible Losses	Coverage Ratio	Nonper- forming Receivables	Receivables	Ratio of Nonper- forming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit cards		\$ -	\$ -	-	\$ -	-	\$ -	\$ -	-	\$ -	-
Accounts receivable factored without recourse (Note 7)		-	-	-	-	-	-	-	-	-	-

	December 31, 2022		December 31, 2021	
	Not Reported as Nonperforming Loans	Not Reported as Nonperforming Receivables	Not Reported as Nonperforming Loans	Not Reported as Nonperforming Receivables
Amounts of executed contracts on negotiated debts (Note 8)	\$ -	\$ -	\$ -	\$ -
Amounts of executed debt-restructuring projects (Note 9)	486	-	-	-
Total	486	-	-	-

- Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans”. Nonperforming receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau’s letter dated July 6, 2005 (Ref. No. 0944000378).
- Note 2: Ratio of nonperforming loans: $\text{Nonperforming loans} \div \text{Outstanding loans balance}$. Ratio of nonperforming receivables: $\text{Nonperforming receivables} \div \text{Outstanding receivables balance}$.
- Note 3: Coverage ratio of loans: $\text{Allowance for possible losses for loans} \div \text{Nonperforming loans}$. Coverage ratio of receivables: $\text{Allowance for possible losses for receivables} \div \text{Nonperforming receivables}$.
- Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.
- Note 5: Based on the Banking Bureau’s letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts and exclude credit cards and cash cards.
- Note 6: Other consumers’ banking loans refer to secured or unsecured loans that exclude housing mortgage, cash cards, credit cards and small-scale credit loans.
- Note 7: As required by the Banking Bureau in its letter dated August 24, 2009 (Ref. No. 09850003180), accounts receivable factored without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.
- Note 8: Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau’s letter dated April 25, 2006 (Ref. No. 09510001270).
- Note 9: Amounts of executed debt-restructuring projects not reported as nonperforming loans or receivables are disclosed to the public in accordance with the Banking Bureau’s letter dated September 15, 2008 (Ref. No. 09700318940) and September 20, 2016 (Ref. No. 10500134790).

2) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

Period	December 31, 2022			December 31, 2021		
Rank	Industry of Group Enterprise	Total Amount of Credit Endorsement or Other Transactions	Percentage of Equity	Industry of Group Enterprise	Total Amount of Credit Endorsement or Other Transactions	Percentage of Equity
1	Group A 016700 real estate development	\$ 1,285,223	22.42	Group A 016700 real estate development	\$ 1,258,405	22.01
2	Group B 016700 real estate development	828,660	14.46	Group B 016700 real estate development	830,920	14.53
3	Group C 016700 real estate development	576,800	10.06	Group H 016700 real estate development	649,620	11.36
4	Group D 016700 real estate development	449,009	7.83	Group D 016700 real estate development	509,136	8.91
5	Group E 016700 real estate leasing	441,000	7.69	Group C 016700 real estate development	451,800	7.90
6	Group F 016700 real estate development	440,550	7.69	Group F 016700 real estate development	444,750	7.78
7	Group G 014510 wholesale of merchandise brokers	431,150	7.52	Group G 014510 wholesale of merchandise brokers	431,000	7.54
8	Group H 016700 real estate development	410,150	7.16	Group J 016700 real estate development	402,090	7.03
9	Group I 016700 real estate development	393,490	6.87	Group E 016700 real estate development	400,000	7.00
10	Group J 016700 real estate development	369,000	6.44	Group K 015220 shipping agency services	351,919	6.16

Note 1: The list shows top 10 rankings by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate - General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: Group enterprise refers to a group of corporate entities as defined by Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings".

Note 3: Total amount of credit, endorsement or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

3) Interest rate sensitivity information

Interest Rate Sensitivity (In New Taiwan Dollars)

December 31, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate - sensitive assets	\$ 58,042,244	\$ 459,067	\$ 3,712,920	\$ 16,126,303	\$ 78,340,534
Interest rate - sensitive liabilities	62,704,864	5,126,961	6,491,580	1,678,815	76,002,220
Interest rate sensitivity gap	(4,662,620)	(4,667,894)	(2,778,660)	14,447,488	2,338,314
Net worth					5,731,396
Ratio of interest rate - sensitive assets to liabilities					103.08%
Ratio of interest rate sensitivity gap to net worth					40.80%

Interest Rate Sensitivity (In New Taiwan Dollars)

December 31, 2021

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate - sensitive assets	\$ 62,642,076	\$ 771,504	\$ 3,165,966	\$ 15,635,895	\$ 82,215,441
Interest rate - sensitive liabilities	58,008,494	6,298,473	12,554,078	2,404,153	79,265,198
Interest rate sensitivity gap	4,633,582	(5,526,969)	(9,388,112)	13,231,742	2,950,243
Net worth					5,716,909
Ratio of interest rate - sensitive assets to liabilities					103.72%
Ratio of interest rate sensitivity gap to net worth					51.61%

Note 1: The above amounts included only New Taiwan dollar amounts held by the head office and branches of the Bank (i.e., excluding foreign currency).

Note 2: Interest rate-sensitive assets and liabilities refer to the revenue or costs of interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in New Taiwan dollars).

Interest Rate Sensitivity (In U.S. Dollars)

December 31, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 37,898	\$ 1,996	\$ 4,160	\$ 110,026	\$ 154,080
Interest rate-sensitive liabilities	121,649	18,111	17,614	-	157,374
Interest rate sensitivity gap	(83,751)	(16,115)	(13,454)	110,026	(3,294)
Net worth					60
Ratio of interest rate-sensitive assets to liabilities					97.91%
Ratio of interest rate sensitivity gap to net worth					(5,490%)

December 31, 2021

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 50,108	\$ 4,015	\$ 17,134	\$ 77,821	\$ 149,078
Interest rate-sensitive liabilities	154,158	9,969	10,779	-	174,906
Interest rate sensitivity gap	(104,050)	(5,954)	6,355	77,821	(25,828)
Net worth					1,908
Ratio of interest rate-sensitive assets to liabilities					85.23%
Ratio of interest rate sensitivity gap to net worth					(1,353.67%)

Note 1: The above amounts included only U.S. dollar amounts held by the head office, domestic branches, OBU and overseas branches of the Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities refer to the revenue or costs of interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in U.S. dollars).

4) Profitability

Unit: %

Items		December 31, 2022	December 31, 2021
Return on total assets	Before income tax	0.29	0.28
	After income tax	0.24	0.24
Return on equity	Before income tax	4.56	4.55
	After income tax	3.87	3.90
Net income ratio		17.60	18.34

Note 1: Return on total assets = Income before (after) income tax/Average total assets.

Note 2: Return on equity = Income before (after) income tax/Average equity.

Note 3: Net income ratio = Income after income tax/Total net revenue.

Note 4: Income before (after) income tax represents income from January to each period-end date.

5) Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

(In Thousands of New Taiwan Dollars)

December 31, 2022

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 83,765,565	\$ 9,472,589	\$ 3,661,485	\$ 2,949,450	\$ 5,060,613	\$ 10,848,494	\$ 51,772,934
Main capital outflow on maturity	103,417,461	6,309,916	5,158,509	12,893,810	13,713,309	21,529,442	43,812,475
Gap	(19,651,896)	3,162,673	(1,497,024)	(9,944,360)	(8,652,696)	(10,680,948)	7,960,459

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

(In Thousands of New Taiwan Dollars)

December 31, 2021

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 87,604,453	\$ 11,134,365	\$ 7,606,726	\$ 3,702,403	\$ 5,618,916	\$ 11,577,795	\$ 47,964,248
Main capital outflow on maturity	104,665,177	6,736,509	7,856,260	12,296,757	14,744,847	23,033,311	39,997,493
Gap	(17,060,724)	4,397,856	(249,534)	(8,594,354)	(9,125,931)	(11,455,516)	7,966,755

Note: The above amounts included only New Taiwan dollar amounts held by the Taipei Star Bank (excluding foreign currency).

Maturity Analysis of Assets and Liabilities (In U.S. Dollars)

(In Thousands of U.S. Dollars)

December 31, 2022

	Total	Remaining Period to Maturity				
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year
Main capital inflow on maturity	\$ 178,256	\$ 20,251	\$ 4,268	\$ 5,638	\$ 14,011	\$ 134,088
Main capital outflow on maturity	169,930	52,699	49,236	18,809	18,931	30,255
Gap	8,326	(32,448)	(44,968)	(13,171)	(4,920)	103,833

Maturity Analysis of Assets and Liabilities (U.S. Dollars)

(In Thousands of U.S. Dollars)

December 31, 2021

	Total	Remaining Period to Maturity				
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year
Main capital inflow on maturity	\$ 193,181	\$ 58,256	\$ 3,846	\$ 9,167	\$ 29,194	\$ 92,718
Main capital outflow on maturity	192,066	82,367	54,603	16,282	13,867	24,947
Gap	1,115	(24,111)	(50,757)	(7,115)	15,327	67,771

Note 1: The above amounts included only U.S. dollar amounts held by the head office, domestic branches, OBU and overseas branches of the bank.

Note 2: If OBU's assets amounts constituted more than 10% of Bank's total assets, additional information will need to be disclosure.

46. CAPITAL MANAGEMENT

- a. Eligible capital of Taipei Star Bank meeting the requirements set by the authorities and should comply with the minimum ratio requested by authorities. This is the main objective of capital management of the Bank. The eligible capital and legal capital are calculated under the rule set by the authorities.

To ensure Taipei Star Bank is able to meet the capital needs of operating plan and the capital requirement, Taipei Star Bank sets business operating plan and budget report to assess the impact of business status with its capital adequacy, as well as to reach the optimization of capital allocation within the Bank.

- b. In order to meet capital adequacy requirements set by the authorities, Taipei Star Bank report it to the relevant regulatory agencies quarterly. The capital of the Bank is managed by the Risk Management Division, capital can classify into Tier 1 capital and Tier 2 capital under the "Regulations Governing the Capital Adequacy Ratio of Banks".

1) Tier 1 capital: (including common equity and other tier 1 capital)

- a) Common equity including ordinary shares and its issuance surplus, capital collected in advance, capital surplus, legal reserve, special reserve, retained earnings, non-controlling interests and other equity items.

- b) Other tier 1 capital including non-cumulative perpetual preference shares and its issuance surplus, non-cumulative perpetual subordinated debts and the non-cumulative perpetual preference shares and its issuance surplus, and the non-cumulative perpetual subordinated debts which are issued by banks' subsidiaries, and are not directly or indirectly held by banks.

2) Tier 2 capital:

Tier 2 capital including cumulative perpetual preference shares and its issuance surplus; cumulative perpetual subordinated debts; convertible subordinated debts, long-term subordinated debts; non-perpetual preference shares and its issuance surplus when first time applying International Financial Reporting Standards in real estate and using the fair value or the re-estimated value method as the deemed cost, the difference in amount between the deemed cost and the book value recognized in retained earnings; the 45% of unrealized gains on changes in the fair value of investment properties using fair value method, as well as the 45% of unrealized gains on available-for-sale financial assets; operational reserves and loan-loss provisions; and the cumulative perpetual preference shares and its issuance surplus, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts, and the non-perpetual preference shares and its issuance surplus, which are issued by banks subsidiaries, and are not directly or indirectly held by banks.

c. Information on the Bank's capital adequacy ratio (CAR) was as follows:

The eligible capital, risk-weighted assets and capital adequacy ratio are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks". Taipei Star Bank met the capital adequacy requirements as of December 31, 2022 and 2021.

(Unit: In Thousands of New Taiwan Dollars, %)

Analysis Items			Year	December 31, 2022	December 31, 2021
Eligible capital	Common equity			\$ 5,308,844	\$ 5,291,869
	Other Tier 1 capital			900,000	900,000
	Tier 2 capital			1,103,109	1,274,080
	Eligible capital			7,311,953	7,645,949
Risk-weighted assets	Credit risk	Standardized approach		46,821,418	44,415,609
		Internal rating - based approach		-	-
		Securitization		-	-
	Operational risk	Basic indicator approach		2,145,376	2,033,694
		Standardized approach/ alternative standardized approach		-	-
		Advanced measurement approach		-	-
	Market risk	Standardized approach		3,007,380	2,814,548
		Internal model approach		-	-
	Risk-weighted assets			51,974,174	49,263,851
Capital adequacy ratio (%)				14.07	15.16
Ratio of common equity to risk-weighted assets (%)				10.21	10.74
Ratio of Tier 1 capital to risk-weighted assets (%)				11.95	12.57
Leverage ratio (%)				6.87	6.52

Note 1: Eligible capital and risk-weighted assets are calculated under the “Regulations Governing the Capital Adequacy Ratio of Banks” and “Explanation of Methods for Calculating the Eligible Capital and Risk - Weighted Assets of Banks”.

Note 2: Annual consolidated financial statements have to disclosed capital adequacy ratio with two comparative periods, and semi-annual consolidated financial statements have to disclosure additional capital adequacy ratio for the last years ended except for two comparative periods.

Note 3: Formulas used were as follows:

- 1) Eligible capital = Common equity + Other Tier 1 capital + Tier 2 capital.
- 2) Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.
- 3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
- 4) Ratio of the common equity to risk-weighted assets = Common equity ÷ Risk-weighted assets.
- 5) Ratio of Tier 1 capital to risk-weighted assets = (Common equity + Other Tier 1 capital) ÷ Risk-weighted assets.
- 6) Leverage ratio = Tier 1 capital ÷ Exposure measurement.

47. DISCLOSURES ACCORDING TO REGULATIONS GOVERNING THE PREPARATION OF FINANCIAL REPORTS BY SECURITIES FIRMS

a. Fair value of financial instruments not measured at fair value

Management of Shinkong International Securities Co., Ltd. (SKIS) believes that the carrying amounts of financial instruments not measured at fair value approximate their fair values, or their fair values cannot be reasonably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Trading securities - dealing - Domestic emerging stocks	\$ 37,529	\$ -	\$ -	\$ 37,529
Trading securities - underwriting - Bonds	6,551	-	-	6,551
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic investments - unlisted shares	<u>-</u>	<u>-</u>	<u>63,111</u>	<u>63,111</u>
	<u>\$ 44,080</u>	<u>\$ -</u>	<u>\$ 63,111</u>	<u>\$ 107,191</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Trading securities - dealing - Domestic emerging stocks	\$ 61,115	\$ -	\$ -	\$ 61,115
Trading securities - underwriting - Bonds	8,096	-	-	8,096
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic investments - unlisted shares	<u>-</u>	<u>-</u>	<u>49,608</u>	<u>49,608</u>
	<u>\$ 69,211</u>	<u>\$ -</u>	<u>\$ 49,608</u>	<u>\$ 118,819</u>

There were no transfers between Levels 1 and 2 in the years ended December 31, 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI
	Equity Instruments
Balance at January 1, 2022	\$ 49,608
Purchase	6,821
Unrealized gain (loss) of financial assets at FVTOCI	<u>6,682</u>
Balance at December 31, 2022	<u>\$ 63,111</u>

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI
	Equity Instruments
Balance at January 1, 2021	\$ 46,028
Unrealized gain (loss) of financial assets at FVTOCI	<u>3,580</u>
Balance at December 31, 2021	<u>\$ 49,608</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of investments in domestic unlisted shares are measured using the market multiple valuation technique, which is based on the transaction prices of shares of comparable companies in an active market and the corresponding net value multiplier, taking into consideration the liquidity discount ratio. The main significant unobservable input value is the liquidity discount.

If possible reasonable change in the discount for lack of marketability assumptions will occur and all other inputs will remain constant, the fair value of the investments would increase (decrease) as follows:

Significant Unobservable Input	Range of Changes	December 31	
		2022	2021
		Affected Amount	
Discount for lack of marketability	10% increase	\$ (2,477)	\$ -
	10% decrease	49	-

Note: SKIS uses a conservative simulation to estimate the value of the subject company at the lower one, because the lower of the discount was the same as the original estimate, as of December 31, 2021, there was not change in the liquidity discount of 10%.

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 44,080	\$ 69,211
Financial assets at amortized cost (1)	18,228,070	31,402,440
Financial assets at FVTOCI		
Equity instruments	63,111	49,608

Financial liabilities

Amortized cost (2)	13,645,121	26,830,001
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- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, margin loans receivable, customer margin accounts, trade receivables, securities business borrowing and lending, securities business borrowing and lending - unrestricted purposes, other receivables, other financial assets-current, collected payment of shares underwritten, operating deposits, settlement funds and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term loans, short-term bills payable, securities financing refundable deposits, deposits payable for securities financing, future traders' equity, collection payable - collected payment of shares underwritten, trade and other payables (business tax not included).

d. Financial risk management objectives and policies

1) Risk management system

a) Risk management policies

The purpose of SKIS risk management policies is to build culture concern about risk management, and use qualitative and quantitative measurement results as a basis for business plan and risk management monitoring.

b) Risk management organization

The organizational structure of SKIS includes the board of directors, risk management committee, risk management department, and all other business departments.

The board of directors is the highest level in the risk management function and takes the full responsibility for risk management issues and to examine policies and standards and establish risk management system. In addition, every business department monitor, measure, and assesses various risks according to risk management standards. Law compliance department and internal auditing department is responsible for the independent review of risk management.

c) Risk management procedures

SKIS's risk management procedures, including risk identification, evaluation, monitoring and reporting, and takes appropriate measures to control. According to the risk management policies, SKIS make risk management procedures, which mainly include market risks, credit risks, liquidity risks, and operational risks (law risks). The principle of risks are as follows:

i. Market risk

According to the restrictions of the law and the authorization of the board of directors, the amount of the upper limit (e.g. dealing and underwriting) is set, and the early warning and stop loss mechanism are determined according to the characteristics of the products. Measure and monitor the risk according to the procedures of each business department. Through the after-hours analysis, control the transaction status of the transaction risk. In order to ensure complete and in-depth control of market risk, SKIS regularly conducts stress tests and implements risk management.

ii. Credit risk

Credit risk exposure by SKIS including issuer's credit risk and counterparty credit risk. The former is the risk that the financial institution which is deposit by SKIS may default, because SKIS dealing business with many domestic financial institutions which has good credit, and there is no significant concentration situation. The credit risk management is follow to rule. The latter mainly comes from the brokerage business, including credit risk arising from customers' failure to fulfill delivery obligations and securities lending or borrowing. If the market encounters sudden and serious incidents, resulting in insufficient market depth or disorder, and resulting in significant losses in the customer's holding portion, further implicating SKIS's direct or indirect risks. In order to prevent the above situation, SKIS has set up rules for the risk management of brokerage, supplemented by dynamic monitoring of the market, and regularly monitors.

In order to reduce the credit risk of the counterparty (customer), the business unit measures the financial and credit status of the counterparty before the transaction, and confirms the legality of the transaction. Then set the credit limit according to the customer's financial strength, and implement credit rating management. Regular or irregular inspection of customer credit portions after the transaction. Low liquidity shares, high risk shares and securities lending or borrowing warning indicators as the focus of credit risk control.

In addition, for counterparties, other than regularly reviewing their credit status, they also manage credit risk through the following measures: New credit exposure limit, credit limit shorten, add collateral to enhance credit.

iii. Liquidity risk

SKIS liquidity risk management covers the source of funds, capital utilization and gap management.

- i) For the source of funds, SKIS ensuring the stability and dispersion of the source of funds, maintaining a sufficient amount at any time, and effectively respond to the risk of fluctuations in unanticipated capital supply.
- ii) For the use of funds, SKIS assessing investment income, ensure its liquidity and safety to effectively respond to the unexpected needs of funds.

- iii) To manage the funding gaps of every period, SKIS arrangement of the source and use of funds, simulated the possible future funding gaps and capital planning, ensure that the sources of funds needed to maintain normal operations are safe.
- iv) The finance department prepares relevant management statements and inform the risk management unit in accordance with the operating rules for liquidity risk management. Which is to ensure the safety and stability of the operating funds.

iv. Legal and operational risk

Legal and operational risk management is divided into preventive control and post-clearance review based on nature and accountability. Preventive control can prevent irreparable damage, such as keep focus on the regulations modify and the impact for company. Post-clearance review whether the business unit performs business according to the operation regulations, and suggest improvements for each business, review loss of operational risk, and review the standard operating procedures of each unit.

SKIS managed by the internal regulations, which review and adjustment for the existing business regularly. If a new type of business is planned or the operating environment changes, the law will be followed and the risk management will modify and assessment.

v. Climate risk

To effectively manage climate change issues, SKIS was established a climate risk management team. By analyzing the impact of climate-related risks on finance, strategy, operations, products and investments in the short, medium and long term, it is advisable to develop risk indicators and evaluation methods step by step, identify sectors with climate-related risks, counterparties and customers (including existing and potential counterparties and customers), and assess their impact. Moreover, it is advisable to measure the impact of climate change on SKIS physical risk and transformation risk, and to develop specific countermeasure plans for investment management under climate risk. In addition to having appropriate procedures in place to assess and manage the climate related risks associated with the subject of the investment, an additional review mechanism is desirable for investment targets involving higher climate-related risks.

2) Market risk analysis

Market risk is the uncertainty of changes in fair value of in- and off-balance-sheet financial instruments due to changes in market risk factors. Market risk factors include interest rates, exchange rates, equity security prices, and commodity prices. Except listed shares, convertible bonds and emerging market shares hold by underwriting, and emerging market shares hold by dealing. In general, SKIS does not hold high portion of listed shares and convertible bonds, therefore, market risk is mainly derived from fluctuations in emerging market shares.

In order to control market risks, SKIS compliance with regulations and sets risk limits from board of directors. According to the analysis of the overall economy, industry and the financial status of individual companies, are provided for the investment decisions. Take into account the fundamentals and technical aspects of the stock market, and the supply and demand relationship of the market, also monitor the risk exposure through the mechanism of stop-loss of SKIS.

3) Credit risk analysis

SKIS's credit risk arises from derivatives transactions and securities investment, it can be divided into categories such as issuer risk and counterparty risk as follows:

- a) Issuer risk is the credit risk that stock issuers go into liquidation or are unable to pay back money when debt, bills and other securities mature.
- b) Counterparty risk is the credit risk that the counterparty undertaking derivatives or transactions are unable to fulfill settlement obligations.

SKIS's demand deposits, short-term bills payable, other refundable deposits and trade receivable have credit risk.

a) Credit risk concentration

SKIS is mainly engaged in brokerage business and the customers are scattered. To avoid the concentration of credit risks, SKIS controls the transaction risk of the brokerage business and controls the transaction amount according to the customer's financial status. For holding debt instruments or deposits, SKIS has already traded with a number of financial institutions to diversify risks and design monitor system for every financial institutions. Therefore, SKIS has not concentration of credit risk.

b) Credit risk quality

SKIS financial assets can be divided into categories including not past due and not impaired, past due but not impaired, impaired and impaired reserve.

As table below, all of SKIS financial assets are not past due and not impaired, which comprise cash and cash equivalents, customer margin accounts and other refundable deposits, Its credit risk is low risk, indicating that it can maintain its financial commitment performance ability even in the face of significant uncertainties or exposure to adverse conditions. For receivable, the proportion of trade receivables and margin loans receivable is relatively high, the credit risk of each financial asset is as follows:

i. Cash and cash equivalents

Which mainly comprise time deposits, checking accounts and demand deposits, and commercial papers.

ii. Customer margin accounts

According to the regulations of the authority, the customer margin accounts shall be deposited in banks with credit rating above a certain level, and separate accounts shall be set up and stored separately from their own assets.

iii. Other refundable deposits

Which mainly comprise operating deposits, settlement funds and refundable deposits. Operating deposits deposited in a bank with good credit. Settlement funds as stipulated in the Rules Governing Securities Firms, all brokers should place settlement funds with the Taiwan Stock Exchange.

iv. Other financial assets

Time deposits with original maturities of more than 3 months, deposited in a bank with good credit ratings.

v. Trade receivables

It is the creditor's rights arising from the securities business, including the transaction price of the sale of the operating securities, the financing interest receivable from the credit transaction, the receivables arising from the business of the securities being purchased and the purchase or holding by the customer. Securities are secured loans, etc.

vi. Margin loans receivable

The market fluctuation and loss of credit trading customers, which makes securities have credit loss from counterparty. SKIS has strictly monitored the market fluctuation and counterparty credit status, and implemented relevant control according to regulations to minimize credit risk.

vii. Securities business borrowing and lending - unrestricted purposes

Credit Risk Quality of Financial Assets

(In Thousands of New Taiwan Dollars)

December 31, 2022

Financial Assets	Not Past Due and Not Impaired	Past Due But Not Impaired	Impaired	Impaired Reserve	Total
Cash and cash equivalents	\$ 533,792	\$ -	\$ -	\$ -	\$ 533,792
Customer margin accounts	1,810,738	-	-	-	1,810,738
Collected payment of shares underwritten	396,399	-	-	-	396,399
Operating deposits	226,500	-	-	-	226,500
Settlement funds	84,336	-	-	-	84,336
Refundable deposits	4,456	-	-	-	4,456
Restricted long-term assets - current	60,000	-	-	-	60,000
	<u>3,116,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,116,221</u>
Receivable					
Margin loans receivable	6,488,985	-	-	-	6,488,985
Trade receivables	3,418,916	-	-	-	3,418,916
Securities business borrowing and lending - unrestricted purposes	4,653,309	-	-	-	4,653,309
Other receivable	30,666	-	-	-	30,666
Securities business borrowing and lending	12,243	-	-	-	12,243
	<u>14,604,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,604,119</u>
Other financial assets					
Time deposits	282,400	-	-	-	282,400
Refinancing margin	13,995	-	-	-	13,995
Refinancing deposit receivable	10,059	-	-	-	10,059
Other receivable - related	1,276	-	-	-	1,276
Stock borrowing margin	200,000	-	-	-	200,000
	<u>507,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>507,730</u>
	<u>\$ 18,228,070</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,228,070</u>

Credit Risk Quality of Financial Assets

(In Thousands of New Taiwan Dollars)

December 31, 2021

Financial Assets	Not Past Due and Not Impaired	Past Due But Not Impaired	Impaired	Impaired Reserve	Total
Cash and cash equivalents	\$ 664,837	\$ -	\$ -	\$ -	\$ 664,837
Customer margin accounts	1,577,383	-	-	-	1,577,383
Collected payment of shares underwritten	6,402,760	-	-	-	6,402,760
Operating deposits	226,500	-	-	-	226,500
Settlement funds	79,914	-	-	-	79,914
Refundable deposits	4,456	-	-	-	4,456
	<u>8,955,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,955,850</u>
Receivable					
Margin loans receivable	10,016,630	-	-	-	10,016,630
Trade receivables	7,185,559	-	-	-	7,185,559
Securities business borrowing and lending - unrestricted purposes	4,434,509	-	-	-	4,434,509
Other receivable	20,882	-	-	-	20,882
Securities business borrowing and lending	47,286	-	-	-	47,286
	<u>21,704,866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,704,866</u>
Other financial assets					
Time deposits	383,400	-	-	-	383,400
Refinancing margin	50,807	-	-	-	50,807
Refinancing deposit receivable	42,180	-	-	-	42,180
Other receivable - related	1,318	-	-	-	1,318
Stock borrowing margin	264,020	-	-	-	264,020
	<u>741,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>741,725</u>
	<u>\$ 31,402,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,402,441</u>

4) Liquidity risk analysis

a) The definition of liquidity risk

Liquidity risk is the potential loss that SKIS may suffer due to inability to liquidate assets or raise enough funds in reasonable time to perform obligations when due and to meet the demands of assets growth. Inability to liquidate current assets at reasonable price or raising funds to fulfill funding gap with price higher than the reasonable one.

b) Liquidity risk management policy

In order to maintain the running of the SKIS's daily capital, and ensure the safety and liquidity of capital use. The financial department as an independent unit for funding and monitoring.

According to the transactions with financial institutions, the finance department uses the remaining funds appropriately. SKIS implements funding gap management of various term structures in order to efficiently control unexpected fund dispatching, and also prepare funding liquidity risk report for management purpose.

c) Liquidity risk for non-derivative financial liabilities

SKIS relies on bank borrowings and short-term bills payable as a significant source of liquidity, SKIS had available unutilized bank loan unused facilities \$161.5 billion and \$226.95 billion as of December 31, 2022 and 2021, respectively.

The following table details SKIS's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which SKIS can be required to pay. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed

repayment dates.

Contractual Maturities for Its Non-derivative Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2022

Financial Liabilities	Repayment Periods					Total
	On Demand	Less than 3 Months	3-12 Months	1-5 Years	5+ Years	
Short-term loans	\$ -	\$ 1,175,000	\$ -	\$ -	\$ -	\$ 1,175,000
Short-term bills payable	-	2,500,000	500,000	-	-	3,000,000
Securities financing refundable deposits	1,882,667	-	-	-	-	1,882,667
Deposits payable for securities financing	1,622,158	-	-	-	-	1,622,158
Future traders' equity	1,810,188	-	-	-	-	1,810,188
Payables						
Trade payables	3,173,080	-	-	-	-	3,173,080
Other payables	11,246	545,914	40,400	-	-	597,560
Collection payable - collected payment of shares underwritten	396,384	-	-	-	-	396,384
Lease liabilities	-	2,618	7,244	36,305	24,341	70,508
Cash outflow	<u>\$ 8,895,723</u>	<u>\$ 4,223,532</u>	<u>\$ 547,644</u>	<u>\$ 36,305</u>	<u>\$ 24,341</u>	<u>\$ 13,727,545</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 9,862</u>	<u>\$ 36,305</u>	<u>\$ 24,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Contractual Maturities for Its Non-derivative Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2021

Financial Liabilities	Repayment Periods					Total
	On Demand	Less than 3 Months	3-12 Months	1-5 Years	5+ Years	
Short-term loans	\$ -	\$ 1,800,000	\$ -	\$ -	\$ -	\$ 1,800,000
Short-term bills payable	-	5,670,000	-	-	-	5,670,000
Securities financing refundable deposits	1,454,048	-	-	-	-	1,454,048
Deposits payable for securities financing	1,611,569	-	-	-	-	1,611,569
Future traders' equity	1,576,771	-	-	-	-	1,576,771
Payables						
Trade payables	7,225,991	-	-	-	-	7,225,991
Other payables	13,967	540,976	49,359	-	-	604,302
Collection payable - collected payment of shares underwritten	6,402,745	-	-	-	-	6,402,745
Lease liabilities	-	2,625	7,945	37,835	22,597	71,002
Long-term bills payable	-	-	-	500,000	-	500,000
Cash outflow	<u>\$ 18,285,091</u>	<u>\$ 8,013,601</u>	<u>\$ 57,304</u>	<u>\$ 537,835</u>	<u>\$ 22,597</u>	<u>\$ 26,916,428</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 10,570	\$ 37,835	\$ 22,597	\$ -	\$ -	\$ -

d) Stress test of liquidity risk

A stress test is applied to measure loss under extremely unfavorable market circumstances in order to assess financial institutions' tolerance to extreme market volatility. The stress scenario includes market volatility, various credit events and unforeseen financial market liquidity tightening, etc., which may generate capital liquidity stress. With the change of the positive and negative fund gaps in each period.

With funding gap in a stress test, the financial unit will report the results to the risk management team, if necessary, prevent the occurrence of stressful events by the following procedures:

- i. Disposal of current assets, lower the market unfavorable price risk.
- ii. Decrease financial instruments to increase liquidity reserve.
- iii. Pledged SKIS assets to obtain capital.
- iv. Disposal of investments, lower the market unfavorable price risk.
- v. Capital increase or other financing methods.
- iv. Obtain capital from parent company or subsidiaries.

e. Capital risk management

Under the rules governing securities firms and related regulations, the capital adequacy ratio of a securities firm should be at least 250% to ensure its stability, business scale, business plan, capital increase plan, as well as maintain the health of the securities markets.

The management procedures of SKIS's capital adequacy are as follows:

- 1) Relevant departments are required to calculate, monitor, and analyze SKIS's capital adequacy monthly.
- 2) Simulate the capital adequacy result and provide to relevant departments based on the assumptions of the business plan, policy directions, investment strategy and other material impacts.
- 3) When the capital adequacy is lower than the standard as required, the relevant departments should report to the board of directors or the Chief Executive Officer, and may start to plan on the resolutions. Any major decisions should first be approved by the board of directors before implementation.
 - a) Capital increase.
 - b) Adjustment of business strategies.

Capital adequacy ratio of SKIS:

December 31, 2022

Item	December 31, 2022
Eligible capital	
Tier 1 capital	\$ 5,133,029
Tier 2 capital	21,055
Tier 3 capital	-
Minus assets	<u>(414,534)</u>
Total net eligible capital	<u>\$ 4,739,550</u>
Equivalent amount of operating risk	
Equivalent amount of market risk	\$ 23,470
Equivalent amount of credit risk	206,886
Equivalent amount of operating risk	<u>308,997</u>
Total equivalent amount	<u>\$ 539,353</u>
Capital adequacy ratio	879%

December 31, 2021

Item	December 31, 2021
Eligible capital	
Tier 1 capital	\$ 4,968,873
Tier 2 capital	18,048
Tier 3 capital	-
Minus assets	<u>(413,354)</u>
Total net eligible capital	<u>\$ 4,573,567</u>
Equivalent amount of operating risk	
Equivalent amount of market risk	\$ 29,175
Equivalent amount of credit risk	479,275
Equivalent amount of operating risk	<u>209,612</u>
Total equivalent amount	<u>\$ 718,044</u>
Capital adequacy ratio	637%

Note 1: Capital adequacy ratio = Net eligible capital ÷ Equivalent amount of operating risk.

Note 2: Net eligible capital = Tier 1 capital + Tier 2 capital + Tier 3 capital - assets.

Note 3: Equivalent amount of operating risk = Equivalent amount of market risk + Equivalent amount of credit risk + Equivalent amount of operating risk.

48. ACCORDING TO REGULATIONS GOVERNING FUTURES COMMISSION MERCHANTS, FINANCIAL RATIOS OF FUTURES BUSINESS

Shinkong International Securities Co., Ltd. - Futures Division

Law: Regulations Governing Futures Commission Merchants

Rule No.	Formula	December 31, 2022		December 31, 2021		Standard	Status of Compliance with Standard
		Formula	Ratio	Formula	Ratio		
17	Total equity	\$512,907	19.70	\$439,783	19.24	≥ 1	Met
	(Total liabilities - customers' equity accounts - futures)	\$1,836,229-\$1,810,188		\$1,599,633-\$1,576,771			
17	Total current assets	\$2,270,936	1.24	\$1,961,383	1.23	≥ 1	Met
	Total current liabilities	\$1,833,592		\$1,597,297			
22	Total equity	\$512,907	160.28%	\$439,783	137.43%	≥ 60% ≥ 40%	Met
	Capital stock (Note)	\$320,000		\$320,000			
22	Adjusted net capital	\$509,819	120.50%	\$436,501	104.70%	≥ 20% ≥ 15%	Met
	Client and proprietary account	\$423,101		\$416,916			

Note: Capital stock should compliance the Standards Governing the Establishment of Futures Commission Merchants. Shinkong International Securities Co., Ltd. follows the principle to compute the paid-in capital or allocates exclusively earmarked operating capital.

49. FUTURES BROKERAGE AND DEALING BUSINESS RISK

Customers have to deposit an initial margin at a percentage of the amount of transaction when entering into futures contracts with the futures department of Shinkong International Securities. Customers' gains or losses result from the leverage on the margin deposits. For the protection of Shinkong International Securities from harm arising from customers' huge losses, the margin accounts of customers are reevaluated daily on the basis of the market prices of the outstanding futures contracts. When the customers' margin accounts fall below an agreed level (the maintenance margin), Shinkong International Securities will ask its customers to deposit additional margins immediately. If the customers fail to do so, Shinkong International Securities settles their position by making offsets against their contracts.

50. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (Tables 7 and 14)
- 2) Endorsements/guarantees provided (Tables 1 and 8)
- 3) Marketable securities held (Tables 2, 9 and 15)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 3, 10 and 16)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Tables 11 and 17)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Tables 4, 12, and 18)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Tables 5 and 13)
 - 9) Trading in derivative instruments (Note 8)
 - 10) Intercompany relationships and significant intercompany transactions (Table 19)
- b. Information on investees (Tables 6 and 20)
 - c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 21)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 22):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
 - d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 23)

51. SEGMENT INFORMATION

The discontinued operations revenue and results are not included in segment information. Refer to Note 14 for information relating to discontinued operations.

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were polyester, finance and securities, optronics and others.

Segment Revenue and Results

For the Year Ended December 31, 2022					
	Polyester	Finance and Securities	Optronics	Others	Total
Revenue	\$ 35,060,749	\$ 4,788,239	\$ 6,015,747	\$ 102,938	\$ 45,967,673
Profit before income tax	\$ 3,114,777	\$ 1,656,888	\$ (91,389)	\$ 13,769	\$ 4,694,045
For the Year Ended December 31, 2021					
	Polyester	Finance and Securities	Optronics	Others	Total
Revenue	\$ 31,291,378	\$ 5,302,823	\$ 7,466,845	\$ 94,338	\$ 44,155,384
Profit before income tax	\$ 2,974,005	\$ 2,287,248	\$ 604,002	\$ (17,293)	\$ 5,847,962

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the years ended December 31, 2022 and 2021.

Segment profit represented the profit before tax earned by each segment. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Segment Total Assets

			December 31	
			2022	2021
<u>Segment assets</u>				
Polyester			\$ 40,957,014	\$ 41,563,623
Finance and securities			127,693,809	140,120,460
Optronics			10,233,903	11,104,940
Others			<u>2,846,348</u>	<u>3,242,564</u>
Total segment assets			<u>\$ 181,731,074</u>	<u>\$ 196,031,587</u>

Geographical Information

The Group operates in two geographical areas - Asia and Europe. The main operating activities related to research, manufacture and sale of polyester chip and polyester film. The revenue and non-current assets in Asia were more than 90% of the total balance of revenue and non-current assets from continuing operations for both 2022 and 2021. Based on materiality consideration, the Group did not distinguish them in detail.

Information about Major Customers

Included in revenue of \$45,967,673 thousand and \$44,155,384 thousand in 2022 and 2021, respectively, was revenue of approximately \$4,503,291 thousand and \$2,997,943 thousand which arose from sales to the Group's largest customer A. No other single customers contributed 10% or more to the Group's revenue for both 2022 and 2021.

TABLE 1

SHINKONG SYNTHETIC FIBERS CORPORATION

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Shinkong Synthetic Fibers Corporation	Tac Bright Optronics Corp.	2	Note C	\$ 1,620,537	\$ 1,411,657	\$ 791,760	\$ -	3.98	Note E	Y	-	-	
		Pan Asian Plastics Industry Corp.	2	Note C	950,000	850,000	150,000	-	2.40	Note E	Y	-	-	
		Hsingshing Investment Co., Ltd.	2	Note C	800,000	700,000	-	-	1.97	Note E	Y	-	-	
		Shin Kong International Leasing Corp.	2	Note C	400,000	-	-	-	-	Note E	Y	-	-	
		Shin Chiun Industrial Co., Ltd.	2	Note C	330,000	330,000	-	-	0.93	Note E	Y	-	-	
		SSFC Investment Ltd.	2	Note D	628,740	-	-	-	-	Note E	Y	-	-	
		Shinkong Engineering Co., Ltd.	2	Note C	350,000	200,000	94,042	-	0.56	Note E	Y	-	-	

Note A: The intercompany transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

- 1. Parent company: 0.
- 2. Subsidiaries are numbered from 1.

Note B: Relationships between the endorsement/guarantee provider and the guaranteed party can be classified as the following 7 category:

- 1. A company with which it does business.
- 2. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- 3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- 4. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- 5. The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- 6. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- 7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note C: The limits on domestic endorsement or guarantee amount provided to each guaranteed party = Net equity \$35,482,145 thousand x 20% = \$7,096,429 thousand.

Note D: The limits on foreign endorsement or guarantee amount provided to each guaranteed party = Net equity \$35,482,145 thousand x 30% = \$10,644,644 thousand.

Note E: The total amount of endorsement or guarantee that the Company is allowed to provide = Net equity \$35,482,145 thousand x 50% = \$17,741,073 thousand.

TABLE 2**SHINKONG SYNTHETIC FIBERS CORPORATION****MARKETABLE SECURITIES HELD****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shinkong Synthetic Fibers Corporation	Fund beneficiary certificate Shin Kong Hang Seng TECH Index Fund	Related party in substance	Financial assets at FVTPL - current	500,000	\$ 2,295	-	\$ 2,295	
	Shares							
	Hsin Ba Corporation	None	Financial assets at FVTOCI - current	12	\$ 1	-	\$ 1	
	The Great Taipei Gas Corporation	Related party in substance	"	20,213,826	629,660	3.91	629,660	
					\$ 629,661		\$ 629,661	
	Limited partnership funds							
	Renaissance Capital Limited Partnership	None	Financial assets at FVTPL - non-current	6.41	\$ 58,064	6.41	\$ 58,064	
	Puttable preference shares							
	Huijie Consultants	None	"	3,000,000	31,344	69.76	31,344	
					\$ 89,408		\$ 89,408	
	Shares							
	Overseas Investment & Development Corp.	None	Financial assets at FVTOCI - non-current	4,000,000	\$ 34,120	4.44	\$ 34,120	
	Li Yu Venture Capital Investment Corp.	None	"	174,455	2,203	1.49	2,203	
	Shin Kong Chao Feng Ranch & Resort Corporation	Related party in substance	"	200,000	30,864	2.22	30,864	
	PC Home Venture Fund Corp	None	"	78,540	1,292	3.03	1,292	
	Budworth Investment Limited	None	"	45,500	14	5.00	14	
	Great Taipei Broadband Co., Ltd.	Related party in substance	"	2,500,000	7,150	1.67	7,150	
	Zacros Taiwan Co., Ltd.	None	"	10,000,000	86,361	9.44	86,361	
	Wave-In Communication Inc.	None	"	2,161,608	21,637	12.72	21,637	
	Shin Kong iEcofun Corporation	None	"	1,327,736	7,900	18.81	7,900	
	IIH Birmedical Venture Fund I Co., Ltd.	None	"	3,000,000	25,468	4.85	25,468	
	Pro Union Motor Co., Ltd.	None	"	6,875,951	187,696	21.04	187,696	
	Pro Motor Co., Ltd.	None	"	4,287,288	170,242	16.13	170,242	
	Pro Rental & Leasing Co., Ltd.	None	"	5,277,251	160,706	18.93	160,706	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Shares							
	Green Life Technology Corporation	None	Financial assets at FVTOCI - non-current	10,000,000	\$ 2,900	6.54	\$ 2,900	
	Earthbook Inc.	None	"	1,600,000	960	4.71	960	
	Taiwan Cement Corp.	None	"	9,258,649	311,553	0.13	311,553	
	Shin Kong Textile Co., Ltd	Related party in substance	"	28,378,958	1,136,577	9.46	1,136,577	
	Shin Kong Financial Holding Co., Ltd.	Related personnel with the Company's chairman	"	172,550,238	1,513,266	1.11	1,513,266	
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	"	135,609,925	2,047,710	1.13	2,047,710	
	Century Development Corporation	None	"	12,334,854	158,354	3.52	158,354	
	Universal Venture Capital Investment Corporation	None	"	5,600,000	43,960	4.65	43,960	
	O-Bank Co., Ltd.	None	"	25,762,308	216,146	0.94	216,146	
	Evergreen Steel Corp.	None	"	890,000	45,924	0.21	45,924	
	Shin Kong Mitsukoshi Department Store Co., Ltd.	Related party in substance	"	24,401,636	819,650	1.96	819,650	
					<u>\$ 7,032,653</u>		<u>\$ 7,032,653</u>	

(Concluded)

TABLE 3

SHINKONG SYNTHETIC FIBERS CORPORATION

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty (Note)	Relationship (Note)	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Shinkong Synthetic Fibers Corporation	Ordinary shares of Shinkong Youth co., Ltd.	Investments accounted for using the equity method	Shinkong Youth co., Ltd.	Subsidiaries	-	\$ -	51,000,000	\$ 510,000	-	\$ -	\$ -	\$ -	51,000,000	\$ 510,000
	Ordinary shares of Thailand Thai Shinkong Industry Corporation Ltd.	"	Virgin Islands MAXIMA PACIFIC LTD.	"	-	-	117,499,997	2,344,736	-	-	-	-	117,499,997	2,344,736

Note: These two columns need to be filled for marketable securities recognized as investments accounted for using the equity method.

TABLE 4

SHINKONG SYNTHETIC FIBERS CORPORATION

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)			Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% of Total	
Shinkong Synthetic Fibers Corporation	Thai Shinkong Industry Corporation Ltd.	Investments accounted for using the equity method	Purchase	\$ 824,275	3.76	Note	Note	Note	Accounts payable	\$ (107,515)	(9.16)	
	Shinkong Polyester Film Corp., Ltd.	Investments accounted for using the equity method	Sale	(1,489,411)	(5.32)	"	"	"	Accounts receivable	437,196	17.28	
	Pan Asian Plastics Industry Corp.	Investments accounted for using the equity method	Sale	(645,630)	(2.30)	"	"	"	Accounts receivable	216,462	8.56	
	Shinpont Industry Inc.	Investments accounted for using the equity method	Sale	(136,429)	(0.49)	"	"	"	Other receivable	14,435	5.75	
									Accounts receivable	106	0.01	
	Topbottle Resources Technology Corporation	Associate	Purchase	405,480	1.85	According to the contract signed by both parties	According to the contract signed by both parties	According to the contract signed by both parties	Other receivable	12,686	5.05	
									Accounts payable	(7,829)	(0.67)	

Note: Please refer to Table 19.

TABLE 5

SHINKONG SYNTHETIC FIBERS CORPORATION

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Shinkong Synthetic Fibers Corporation	ShinKong Polyester Film Corp., Ltd.	Investments accounted for using the equity method	Accounts receivable \$ 437,196	3.16	\$ -	-	\$ 203,235	\$ -
	Pan Asian Plastics Industry Corp.	Investments accounted for using the equity method	Accounts receivable 216,462	3.50	-	-	112,595	-

TABLE 6

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
Shinkong Synthetic Fibers Corporation	Pan Asian Plastics Corp.	Taipei City	Manufacturing and sales of polyester pellets and polyester preforms	\$ 363,024	\$ 363,024	50,569,938	100.00	\$ 1,647,461	\$ 71,314	\$ 93,722	
	Hsingshing Investment Co., Ltd.	Taipei City	Investment, construction of business building, and public housing.	1,318,000	1,318,000	155,900,000	100.00	1,726,355	34,443	4,226	
	Shinkong Engineering Co., Ltd.	Taipei City	Contracting for various projects such as air pollution prevention, piping engineering and machine installation	665,095	665,095	38,543,818	100.00	555,602	17,449	17,449	
	Shinpont Industry Inc.	Taipei City	Synthetic fibers manufacturing, textiles wholesale and retail	252,540	252,540	25,245,000	49.99	525,713	246,853	123,398	
	Shin Chiun Industrial Co., Ltd.	Taipei City	Construction of incinerators	715,000	715,000	83,800,000	100.00	881,375	7,883	7,883	
	Maxima Pacific Ltd.	British Virgin Islands	Investment	363,047	363,047	16,078,055	100.00	2,452,860	(241,898)	203,584	
	SSFC Investment Ltd.	British Virgin Islands	Investment	375,467	375,467	191,472	100.00	2,661,872	69,693	70,355	
	UBright Optronics Corp.	Taoyuan City	Precision chemical materials and mold manufacturing wholesale, etc.	657,225	613,411	45,295,828	56.49	1,831,349	287,452	161,903	
	Shinkong Polyester Film Corp., Ltd.	Taipei City	Electronic parts and components manufacturing	1,103,047	1,103,047	85,992,425	100.00	540,215	(513,324)	(513,336)	
	Shinkong International Securities Co., Ltd.	Taipei City	Consignment trading of securities and futures	1,210,370	1,210,370	118,072,262	77.73	4,042,939	924,172	718,361	
	Tai Jin Investment Co., Ltd.	Taipei City	Investment	3,505	3,505	1,111,315	48.57	7,056	11	5	
	Pan Asian Plastics Industry Corp.	Taipei City	Manufacturing and sales of polyester pellets and polyester preforms	700,000	700,000	53,964,955	100.00	589,540	77,303	77,951	
	Tac Bright Optronics Corp.	Miaoli County	Precision chemical materials - synthetic resin and plastic manufacturing	2,740,086	2,740,086	263,586,455	56.86	1,300,534	(22,829)	(12,980)	
	Shin Kong Technologies Corporation	Taipei City	Electronic information software business	30,528	30,528	3,263,250	100.00	35,026	3,445	1,632	
	Taipei Star Bank	Taipei City	Commercial bank	1,131,535	1,131,535	84,968,278	27.07	1,467,713	221,369	59,850	
	Chi Jian Human-Resource & Management Co., Ltd.	Taoyuan City	Human resources management consulting	5,000	5,000	(Note)	100.00	5,536	8	99	
	Hsinshin Asset Management Co., Ltd.	Taipei City	Housing and building development for sale and rental	50,000	50,000	5,370,000	100.00	61,066	2,856	2,856	
	Shin Kong International Leasing Corp.	Taipei City	Leasing	1,082,000	882,000	110,000,000	100.00	1,209,858	87,967	87,967	
	OTOBUY Co., Ltd.	Taipei City	Other machinery equipment manufacturing	6,000	6,000	600,000	60.00	4,605	(1,104)	(663)	
	Shin Kong Applied Materials Co., Ltd.	Taipei City	Other chemical materials manufacturing	11,000	11,000	1,100,000	73.33	6,322	(2,333)	(1,711)	
	Topbottle Resources Technology Corporation	Tainan City	Manufacturing of synthetic materials and plastic product	15,000	15,000	1,200,000	20.00	24,476	23,203	4,641	
	Far Trust International Finance Co., Ltd.	New Taipei City	Overdue receivables management service	356,250	356,250	29,788,414	30.97	428,093	87,164	27,014	
	Ecofun Lab Corporation	Taoyuan City	Crop cultivation, wholesale of vegetables and fruits and retail sale of agricultural products	18,400	14,200	1,840,000	33.33	11,474	(10,761)	(4,554)	
	Shinsol Advanced Chemical Corporation	New Taipei City	Precision chemical material manufacturing	245,000	245,000	24,500,000	49.00	224,497	(17,897)	(8,770)	
	ShinKong Fintech Co., Ltd.	Taipei City	Information software service	50,000	50,000	5,000,000	100.00	49,214	1,359	1,359	
	Shinkong Youth Co., Ltd.	Taoyuan City	Manufacture and sale of chemical fiber and plastic related products	510,000	-	51,000,000	100.00	490,502	(19,498)	(19,498)	
	SHINKONG VIETNAM LLC.	Vietnam	Manufacture and sale of chemical fiber and plastic related products	84,652	-	(Note)	100.00	88,320	(324)	(324)	
	Thai Shinkong Industry Corporation Ltd.	Thailand	Manufacturing and sales of plastic, polyester film, and PET	2,344,736	-	117,499,997	62.04	2,545,172	403,630	31,131	
MAXIMA PACIFIC LTD.	Thai Shinkong Industry Corporation Ltd.	Thailand	Manufacturing and sales of plastic, polyester film, and PET	-	US\$ 37,409	-	-	-	403,630	-	
SSFC INVESTMENT LTD.	Dayspring Ltd. Shinkong Applied Materials (Jiangsu) Company Limited.	Hong Kong China	Investment	US\$ 53,540	US\$ 53,540	374,485,659	100.00	RMB 416,147	RMB 11,783	-	
			Sale of synthetic materials, fibers and manufacturing of plastic product	US\$ 3,060	US\$ 3,060	(Note)	100.00	RMB 89,121	RMB 20	-	
Hsingshing Investment Co., Ltd.	Da Chun Universe Investment Co., Ltd.	Taichung City	Investment	9,000	9,000	(Note)	45.00	3,878	652	-	
Tac Bright Optronics Corporation	MAXPRO LTD.	British Virgin Islands	Investment	1,743,557	1,743,557	54,204,000	100.00	12	(11)	-	
MAXPRO LTD.	LOFO HOLDING GmbH	Germany	Investment	1,743,507	1,743,507	(Note)	100.00	1,541	-	-	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
Shinkong International Securities Co., Ltd.	Shin Kong Investment Consultant Co., Ltd.	Taipei City	Securities investment consulting	\$ 20,000	\$ 20,000	2,000,000	100.00	\$ 28,943	\$ 2,118	\$ -	
	Shin Kong Insurance Agent Co., Ltd.	Taipei City	Life insurance agent	3,000	3,000	2,000,000	100.00	45,600	12,273	-	
	Shin Kong Property Insurance Agency Co., Ltd.	Taipei City	Property insurance agent	2,997	2,997	1,000,000	100.00	22,941	6,086	-	
Shin Chiun Industrial Co., Ltd.	UBright Optronics Corp.	Taoyuan City	Precision chemical materials and mold manufacturing wholesale, etc.	96,317	96,317	1,587,081	1.98	113,929	287,452	-	
	Tac Bright Optronics Corp.	Miaoli County	Precision chemical materials - synthetic resin and plastic manufacturing	153,270	153,270	10,218,000	2.20	107,194	(22,829)	-	
	Intelligent Medical Big Data Co., Ltd.	Taipei City	Consulting, biotechnology research and development service	25,000	25,000	2,500,000	83.33	(405)	(1,000)	-	
Pan Asian Plastics Corp.	Tai Shin Leasing & Financial Co., Ltd.	Taipei City	Leasing	520,000	520,000	22,200,000	30.00	1,165,507	190,252	-	
	Hsin Lung Chemical Co., Ltd.	Taipei City	Manufacturing of magnetic tapes for recording and video disks and polyester film	338,509	338,509	4,689,900	93.80	499,931	199	-	
Shinkong Engineering Co., Ltd.	UBright Optronics Corp.	Taoyuan City	Precision chemical materials and mold manufacturing wholesale, etc.	36,906	36,906	1,038,000	1.30	42,546	287,452	-	
Shin Kong International Leasing Corp.	Far Trust International Finance Co., Ltd.	New Taipei City	Overdue receivables management service	211,578	211,578	19,288,747	20.06	259,981	87,164	-	
	Shinkong Power Service Corporation	Taipei City	Solar industry business	70,000	56,000	7,000,000	70.00	70,710	1,396	-	
	Jin Liang Power Service Co., Ltd.	Taipei City	Solar industry business	246,960	-	14,700,000	70.00	260,916	22,243	-	
	Shinkong Energy Service Corporation	Taipei City	Solar industry business	10,000	-	1,000,000	100.00	9,959	(41)	-	
Shin Kong Technologies Corporation	Shin Kong Innovations Co., Ltd.	Taipei City	Electronic information software business	2,000	2,000	200,000	66.67	2,525	130	-	
Far Trust International Finance Co., Ltd.	OTOBUY Co., Ltd.	Taipei City	Other machinery equipment manufacturing	4,000	4,000	400,000	40.00	3,070	(1,104)	-	
	Far Trust International Leasing Co., Ltd.	New Taipei City	Overdue receivables management service	200,000	100,000	20,000,000	100.00	220,142	12,650	-	
	Far Trust Car Rental Co., Ltd.	Taipei City	Car rental	25,000	25,000	2,500,000	100.00	22,723	(2,380)	-	
UBright Optronics Corp.	Rise Concept Enterprises Limited	Hong Kong	Investment	7,695	7,695	(Note)	100.00	(7,525)	(138)	-	
Rise Concept Enterprises Limited	Suzhou UBright Optronics Corp.	China	Brightness enhancement film cutting process	RMB 1,000	RMB 1,000	(Note)	100.00	(722)	422	-	

Note: This is a limited company, the proportion of ownership is calculated based on the amount of capital contribution.

(Concluded)

TABLE 7

SHINKONG SYNTHETIC FIBERS CORPORATION

FINANCING PROVIDED BY INVESTEES TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Shin Kong International Leasing Corp.	Shan Cho Fu Construction and Development Co., Ltd.	Other receivable	No	\$ 22,000	\$ -	\$ -	4	2	\$ -	Operating capital	\$ -	Buildings located on Juguang Rd., Wanhua Dist.	\$ 60,000	\$ 483,943 (Note B)	\$ 483,943 (Note B)	
		Shi Jie Corp.	Other receivable	No	7,800	7,800	7,800	5	2	-	Operating capital	-	Buildings located on Tonghua Rd., Da'an Dist	78,000	483,943 (Note B)	483,943 (Note B)	
		Shinkong Power Service Corporation	Other receivable	Yes	70,000	70,000	26,000	4	2	-	Operating capital	-	None	-	483,943 (Note B)	483,943 (Note B)	
		Qingde Construction Co., Ltd.	Other receivable	No	110,000	-	-	3.8	2	-	Operating capital	-	Eight households and eight parking spaces, Yuanshan Rd., Zhonghe Dist	139,405	483,943 (Note B)	483,943 (Note B)	
2	MAXIMA PACIFIC LTD.	SSFC INVESTMENT LTD.	Other receivable	Yes	708,730 (US\$ 22,000)	675,620 (US\$ 22,000)	-	0.35-0.4	2	-	Operating capital	-	None	-	1,226,430 (Note C)	1,226,430 (Note C)	
3	Far Trust International Finance Co., Ltd.	Far Trust Car Rental Co., Ltd.	Other receivable	Yes	50,000	50,000	13,000	2.5	2	-	Operating capital	-	None	-	502,636 (Note D)	502,636 (Note D)	
		Far Trust International Leasing Co., Ltd.	Other receivable	Yes	100,000	100,000	-	2.5	2	-	Operating capital	-	None	-	502,636 (Note D)	502,636 (Note D)	
4	Shin Chiun Industrial Co., Ltd.	Intelligent Medical Big Data Co., Ltd.	Other receivable	Yes	3,000	3,000	2,000	1.5	2	-	Operating capital	-	None	-	352,550 (Note E)	352,550 (Note E)	
5	UBright Optronics Corp.	Rise Concept Enterprises Limited	Other receivable	Yes	112,530	61,420	46,065	0.8	2	-	Operating capital	-	None	-	657,583 (Note F)	1,315,166 (Note G)	
6	DAYSRING LIMITED	Shinkong Synthetic Fibers Corporation	Other receivable	Yes	1,341,900 (RMB 300,000)	1,322,400 (RMB 300,000)	661,200 (RMB 150,000)	2.65-2.7	2	-	Operating capital	-	None	-	1,467,500 (Note H)	1,467,500 (Note H)	

Note A: The intercompany transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

1. Parent company: 0.
2. Subsidiaries are numbered from 1.

Note B: The financing limit for each borrower and total financing limit are 40% net equity of Shin Kong International Leasing Corp.

Note C: The financing limit for each borrower and total financing limit are 50% net equity of MAXIMA PACIFIC LTD.

Note D: The financing limit for each borrower and total financing limit are 40% net equity of Far Trust International Finance Co., Ltd.

Note E: The financing limit for each borrower and total financing limit are 40% net equity for Shin Chiun Industrial Co., Ltd.

Note F: The financing limit for each borrower is 20% net equity for UBright Optronics Corp.

Note G: The total financing limit is 40% net equity for UBright Optronics Corp.

Note H: The financing limit for each borrower and total financing limit are 80% net equity of Dayspring Ltd.

TABLE 8

SHINKONG SYNTHETIC FIBERS CORPORATION

INVESTEES' ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
1	Far Trust International Finance Co., Ltd.	Far Trust International Leasing Co., Ltd.	2	(Note D)	\$ 2,250,000	\$ 2,250,000	\$ 2,169,574	\$ -	179.06	(Note E)	Y	-	-	

Note A: The intercompany transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

- 1. Parent company: 0.
- 2. Subsidiaries are numbered from 1.

Note B: Relationships between the endorsement/guarantee provider and the guaranteed party can be classified as the following 7 category:

- 1. A company with which it does business.
- 2. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- 3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- 4. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- 5. The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- 6. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- 7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note C: The limits on foreign endorsement or guarantee amount provided to each guaranteed party = Net equity \$1,256,591 thousand x 30% = \$376,977 thousand.

Note D: The limits on domestic endorsement or guarantee amount provided to each guaranteed party = Net equity \$1,256,591 thousand x 500% = \$6,282,955 thousand.

Note E: The total amount of endorsement or guarantee that the Company is allowed to provide = Net equity \$1,256,591 thousand x 500% = \$6,282,955 thousand.

TABLE 9**SHINKONG SYNTHETIC FIBERS CORPORATION****MARKETABLE SECURITIES HELD BY THE INVESTEEs WHICH THE COMPANY HAS CONTROL****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shinkong International Securities Co., Ltd.	Shares	None	Financial assets at FVTPL - current	2,081,425	\$ 37,529	-	\$ 37,529	
	Taiwan Futures Exchange Co., Ltd.	None	Financial assets at FVTOCI - non-current	861,551	56,904	0.18	56,904	
	Taiwan Stock Exchange Corporation	None	Financial assets at FVTOCI - non-current	81,585	6,207	0.01	6,207	
Taipei Star Bank	Notes investments	None	Financial assets at FVTPL - current	4,000	398,478	-	398,478	
	Shares	None	Financial assets at FVTOCI - current	17,388,582	514,209	-	514,209	
	Government bonds	None	Financial assets at FVTOCI - current	2-4	275,126	-	275,126	
	Corporate bonds	None	Financial assets at FVTOCI - current	1,901	1,866,906	-	1,866,906	
	Financial bonds	None	Financial assets at FVTOCI - current	3	92,202	-	92,202	
	Government bonds	None	Financial assets at amortized cost - non-current	41,000	4,241,320	-	4,241,320	
	Corporate bonds	None	Financial assets at amortized cost - non-current	4,773	6,241,888	-	6,241,888	
	Financial bonds	None	Financial assets at amortized cost - non-current	129	2,592,955	-	2,592,955	
	Notes investments	None	Financial assets at amortized cost - non-current	5,450	5,450,000	-	5,450,000	
Maxima Pacific Ltd.	Shares	Related personnel with the Company's chairman	Financial assets at FVTPL - current	2,723,152	41,121 (US\$ 1,339)	0.02	41,121 (US\$ 1,339)	
	Taishin Financial Holding Co., Ltd. Preferred Stock E		Financial assets at FVTOCI - current	82,811	4,273 (US\$ 139)	-	4,273 (US\$ 139)	
	Taishin Financial Holding Co., Ltd. Preferred Stock E2		Financial assets at FVTOCI - current	49,609	2,351 (US\$ 77)	-	2,351 (US\$ 77)	
Hsingshing Investment Co., Ltd.	Shares	Related party in substance	Financial assets at FVTOCI - current	117,962	3,675	0.02	3,675	
	The Great Taipei Gas Corporation Shares Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	1,951,507	78,158	0.65	78,158	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shin Chiun Industrial Co., Ltd.	Shares Prince Housing & Development Corp.	None	Financial assets at FVTOCI - current	7,359	\$ 77	-	\$ 77	
	Shares Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	619,000	24,791	0.21	24,791	
UBright Optronics Corp.	Mutual funds Shin Kong US Harvest Balanced	Related party in substance	Financial assets at FVTPL - current	5,010,020	51,353	-	51,353	
	Nomura Funds Ireland plc - Global Dynamic Bond Fund Class TD USD	None	Financial assets at FVTPL - current	10,201	23,597 (US\$ 767)	-	23,597 (US\$ 767)	
	Domestic corporate bonds Cathay Life Insurance subordinated debenture	None	Financial assets at FVTPL - current	50,000	50,324	-	50,324	
	Taipei Star Bank Subordinated Perpetual Bonds	Related party	Financial assets at FVTPL - current	80,000	75,640	-	75,640	
	Foreign corporate bonds BNP Paribas (a)	None	Financial assets at FVTPL - current	400,000	11,891 (US\$ 387)	-	11,891 (US\$ 387)	
	BNP Paribas (b)	None	Financial assets at FVTPL - current	450,000	13,377 (US\$ 436)	-	13,377 (US\$ 436)	
	Standard Chartered (a)	None	Financial assets at FVTPL - current	200,000	5,950 (US\$ 194)	-	5,950 (US\$ 194)	
	Standard Chartered (b)	None	Financial assets at FVTPL - current	430,000	12,796 (US\$ 417)	-	12,796 (US\$ 417)	
	Standard Chartered (c)	None	Financial assets at FVTPL - current	430,000	12,796 (US\$ 417)	-	12,796 (US\$ 417)	
	ABN AMRO	None	Financial assets at FVTPL - current	840,000	25,281 (US\$ 823)	-	25,281 (US\$ 823)	
	Shares Shin Kong Financial Holding Co., Ltd. Preferred Stock B	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	2,000,000	71,800	-	71,800	
	OMVO TECHNOLOGY INC.	None	Financial assets at FVTOCI - non-current	649,323	8,053	1.48	8,053	
	T-E Pharma Holding, Inc.	None	Financial assets at FVTOCI - non-current	3,750,000	36,852	1.42	36,852	
Hsinshin Asset management Co., Ltd.	Shares Huaku Development Co., Ltd.	None	Financial assets at FVTOCI - current	181,560	16,159	-	16,159	
Hsin Lung Chemical Co., Ltd.	Shares Wei Chuan Foods Corp.	None	Financial assets at FVTOCI - current	1,152	22	-	22	
	The Great Taipei Gas Corporation	Related party in substance	Financial assets at FVTOCI - current	48	1	-	1	
	Shares Taiwan Shin Kong Security Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	1,160	45	-	45	
	Shin Kong Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	976	8	-	8	
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	410,904	6,205	-	6,205	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shinkong Engineering Co., Ltd.	Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	112	\$ 4	-	\$ 4	
	Shin Kong Insurance Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	733,808	35,847	0.23	35,847	
	Shinkong Synthetic Fibers Corporation	The Company	Financial assets at FVTOCI - non-current	4,680,487	82,143	0.29	82,143	
	Shin Ching Investment Co., Ltd.	None	Financial assets at FVTOCI - non-current	3,600,000	74,844	15.52	74,844	
	Mien Hao Co., Ltd.	None	Financial assets at FVTOCI - non-current	2,970,000	151,375	19.80	151,375	
	Shin Yun Co., Ltd.	None	Financial assets at FVTOCI - non-current	990,000	34,034	19.80	34,034	
	Shares Shin Kong Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	16,549,473	145,139	0.12	145,139	
Pan Asian Plastics Corp.	Shares Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	1,120,684	16,922	0.01	16,922	
	Fuhbic International Corp.	None	Financial assets at FVTOCI - non-current	236,990	5,948	1.82	5,948	
	United Capital Fund	None	Financial assets at FVTOCI - non-current	4,850,000	-	7.09	-	
	Shinpont Industry Inc.	Related party	Financial assets at FVTOCI - non-current	5,000	104	0.01	104	
Shin Kong International Leasing Corp.	Mutual funds Cathay No. 2 Real Estate Investment Trust.	None	Financial assets at FVTPL - current	360,000	6,408	-	6,408	
	Fubon No. 1 Real Estate Investment Trust	None	Financial assets at FVTPL - current	75,000	1,185	-	1,185	
	Shares Chailease Finance Co., Ltd. Preferred Stock A	None	Financial assets at FVTOCI - non-current	120,000	11,748	-	11,748	
Shin Kong Technologies Corporation	Shares Orion go Co., Ltd.	None	Financial assets at FVTOCI - non-current	60,000	2,292	8.76	2,292	

(Concluded)

TABLE 10

SHINKONG SYNTHETIC FIBERS CORPORATION

INVESTEES' MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OVER \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buying and Selling Companies	Type and Name of Marketable Securities	Financial Statement Account	Trading Counterparty	Relationship with the Holding Company	January 1, 2022		Buy		Sale				December 31, 2022	
					Number of Shares	Carrying Amount	Number of Shares	Carrying Amount	Number of Shares	Sale Price	Billing Costs	Disposal Gain or Loss	Number of Shares	Carrying Amount
Shin Kong International Leasing Corp.	Ordinary shares of Jin Liang Power Service Co., Ltd.	Investments accounted for using the equity method	Jin Liang Power Service Co., Ltd.	Subsidiary	-	\$ -	14,700,000	\$ 246,960	-	\$ -	\$ -	\$ -	14,700,000	\$ 246,960
MAXIMA PACIFIC LTD.	Ordinary shares of Thai Shinkong Industry Corporation Ltd.	Investments accounted for using the equity method	Shinkong Synthetic Fibers Corporation	Parent Company	117,499,997	US\$ 79,711	-	-	117,499,997	US\$ 76,688	US\$ 76,688	-	-	-

Note: These two columns need to be filled for marketable securities recognized as investments accounted for using the equity method.

TABLE 11

SHINKONG SYNTHETIC FIBERS CORPORATION

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company	Property Name	Date of Event	Transaction Amount	Price Payment Scenarios	Trading Partners	Relationship	If the Counterparty is a Related Party, the Previous Transfer of Information				Price Determination Reference	Purpose of Acquisition and Use	Other Agreements
							Owner	Relationship	Transfer Date	Amount			
Shinkong Youth Co., Ltd.	Youth Venture Village and Smart Manufacturing Park Development Entitlement	May 30, 2022	\$ 797,600	\$ 380,000	Economic Development Bureau of Taoyuan City Government	Non-related party	N/A	N/A	N/A	N/A	Based on the tender price of Taoyuan City Government	Self-use and rental	None
	Youth Venture Village and Smart Manufacturing Park Land rent	May 20, 2022	206,157	1,122	Ministry of Finance, State Property Administration, Northern Division	Non-related party	N/A	N/A	N/A	N/A	Based on the tender price of Taoyuan City Government	Self-use and rental	None

TABLE 12

SHINKONG SYNTHETIC FIBERS CORPORATION

**INVESTEES' TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Thai Shinkong Industry Corporation Ltd.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Sale	\$ (824,275)	(13.62)	Note	Note	Note	Accounts receivable \$ 107,515	18.11	
Shinkong Polyester Film Corp., Ltd.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Purchase	1,489,051	81.70	Note	Note	Note	Accounts payable (437,196)	(93.59)	
Pan Asian Plastics Industry Corp.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Purchase	645,630	81.89	Note	Note	Note	Accounts payable (216,462) Other payable (14,435)	(91.07) (29.09)	
Shinpont Industry Inc.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Purchase	136,429	27.17	Note	Note	Note	Accounts payable (106)	(2.06)	
	LYCRA Singapore	Affiliated company of Shinpont Industry	Sale	(849,525)	(88.79)	According to the contract signed by both parties	According to the contract signed by both parties	According to the contract signed by both parties	Other payable (12,686) Accounts receivable 40,112	(77.43) 52.78	
	The LYCRA Company Taiwan Limited	Affiliated company of Shinpont Industry	Sale	(107,204)	(11.21)	According to the contract signed by both parties	According to the contract signed by both parties	According to the contract signed by both parties	Accounts receivable 35,893	47.22	

Note: Refer to Table 19.

TABLE 13

SHINKONG SYNTHETIC FIBERS CORPORATION

**INVESTEES' RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Thai Shinkong Industry Corporation Ltd.	Shinkong Synthetic Fibers Corporation	Parent Company and its subsidiary	Accounts receivable from related parties of \$107,515	5.31	\$ -	-	\$ 110,114	\$ -
MAXIMA PACIFIC LTD.	Shinkong Synthetic Fibers Corporation	Parent Company and its subsidiary	Other receivable from related parties of \$1,855,536	-	-	-	-	-

TABLE 14

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Shin Kong International Leasing Corp.	Shan Cho Fu Construction and Development Co., Ltd.	Other receivables	No	\$ 22,000	\$ -	\$ -	4.0	2	\$ -	Operating capital	\$ -	Buildings located on Juguang Rd., Wanhua Dist.	\$ 60,000	\$ 483,943 (Note B)	\$ 483,943 (Note B)	
		Shi Jie Corp.	Other receivables	No	7,800	7,800	7,800	5.0	2	-	Operating capital	-	Buildings located on Tonghua Rd., Da'an Dist	78,000	483,943 (Note B)	483,943 (Note B)	
		Qingde Construction Co., Ltd.	Other receivables	No	110,000	-	-	3.8	2	-	Operating capital	-	Eight households and eight parking spaces, Yuanshan Rd., Zhonghe Dist.	139,405	483,943 (Note B)	483,943 (Note B)	

Note A: The intercompany transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

- 1. Issuer: 0.
- 2. Subsidiaries are numbered from 1.

Note B: The financing limit for each borrower and total financing limit are 40% of Shin Kong International Leasing’s net equity.

TABLE 15

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shinkong Synthetic Fibers Corporation	Mutual funds Shin Kong Hong Seng Tech Index Fund	Related party in substance	Financial assets at FVTPL - current	500,000	\$ 2,295	-	\$ 2,295	
Shinkong International Securities Co., Ltd.	Shares	None	Financial assets at FVTPL - current	2,081,452	37,529	-	37,529	
Taipei Star Bank	Notes investments	None	Financial assets at FVTPL - current	4,000	398,478	-	398,478	
Maxima Pacific Ltd.	Shares Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTPL - current	2,723,152	41,121 (US\$ 1,339)	0.02	41,121 (US\$ 1,339)	
UBright Optronics Corp.	Mutual funds Shin Kong US Harvest Balanced	Related party in substance	Financial assets at FVTPL - current	5,010,020	51,353	-	51,353	
	Nomura Funds Ireland plc - Global Dynainic	None	Financial assets at FVTPL - current	10,201	23,597	-	23,597	
	Bond Fund Class TD USD				(US\$ 767)		(US\$ 767)	
	Domestic corporate bonds Cathay Life Insurance subordinated debenture	None	Financial assets at FVTPL - current	50,000	50,324	-	50,324	
	Foreign corporate bonds BNP Paribas (a)	None	Financial assets at FVTPL - current	400,000	11,891 (US\$ 387)	-	11,891 (US\$ 387)	
	BNP Paribas (b)	None	Financial assets at FVTPL - current	450,000	13,377 (US\$ 436)	-	13,377 (US\$ 436)	
	Standard Chartered (a)	None	Financial assets at FVTPL - current	200,000	5,950 (US\$ 194)	-	5,950 (US\$ 194)	
	Standard Chartered (b)	None	Financial assets at FVTPL - current	430,000	12,796 (US\$ 417)	-	12,796 (US\$ 417)	
	Standard Chartered (c)	None	Financial assets at FVTPL - current	430,000	12,796 (US\$ 417)	-	12,796 (US\$ 417)	
	ABN AMRO	None	Financial assets at FVTPL - current	840,000	25,281 (US\$ 823)	-	25,281 (US\$ 823)	
	Mutual funds Cathay No. 2 Real Estate Investment Trust.	None	Financial assets at FVTPL - current	360,000	6,408	-	6,408	
	Fubon No. 1 Real Estate Investment Trust	None	Financial assets at FVTPL - current	75,000	1,185	-	1,185	
					<u>\$ 694,381</u>		<u>\$ 694,381</u>	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shinkong Synthetic Fibers Corporation	Shares Hsin Ba Corporation The Great Taipei Gas Corporation	None Related party in substance	Financial assets at FVTOCI - current Financial assets at FVTOCI - current	12 20,213,826	\$ 1 629,660	- 3.91	\$ 1 629,660	
Taipei Star Bank	Shares Corporate bonds Financial bonds Government bonds	None None None None	Financial assets at FVTOCI - current Financial assets at FVTOCI - current Financial assets at FVTOCI - current Financial assets at FVTOCI - current	17,388,582 1,901 3 2-4	514,209 1,866,906 92,202 275,126	- - - -	514,209 1,866,906 92,202 275,126	
Maxima Pacific Ltd.	Shares Taishin Financial Holding Co., Ltd. Preferred Stock E Taishin Financial Holding Co., Ltd. Preferred Stock E 2	Related personnel with the Company's chairman Related personnel with the Company's chairman	Financial assets at FVTOCI - current Financial assets at FVTOCI - current	82,811 49,609	4,273 (US\$ 139) 2,351 (US\$ 77)	- - -	4,273 (US\$ 139) 2,351 (US\$ 77)	
Hsingshing Investment Co., Ltd.	Shares The Great Taipei Gas Corporation	Related party in substance	Financial assets at FVTOCI - current	117,962	3,675	0.02	3,675	
Shin Chiun Industrial Co., Ltd.	Shares Prince Housing & Development Corp.	None	Financial assets at FVTOCI - current	7,359	77	-	77	
Hsinshin Asset management Co., Ltd.	Shares Huaku Development Co., Ltd.	None	Financial assets at FVTOCI - current	181,560	16,159	-	16,159	
Hsin Lung Chemical Co., Ltd.	Shares Wei Chuan Foods Corp. The Great Taipei Gas Corporation	None Related party in substance	Financial assets at FVTOCI - current Financial assets at FVTOCI - current	1,152 48	22 1 <u>\$ 3,404,662</u>	- - -	22 1 <u>\$ 3,404,662</u>	
Shinkong Synthetic Fibers Corporation	Limited partnership funds Renaissance Capital Limited Partnership Puttable preference shares Hujie Consultants	None None	Financial assets at FVTPL - non-current Financial assets at FVTPL - non-current	6.41 3,000,000	\$ 58,064 31,344 <u>\$ 89,408</u>	6.41 69.76	\$ 58,064 31,344 <u>\$ 89,408</u>	
	Shares Taiwan Cement Corp. Shin Kong Textile Co., Ltd. Shin Kong Financial Holding Co., Ltd.	None Related party in substance Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current Financial assets at FVTOCI - non-current Financial assets at FVTOCI - non-current	9,258,649 28,378,958 172,550,238	\$ 311,553 1,136,577 1,513,266	0.13 9.46 1.11	\$ 311,553 1,136,577 1,513,266	
	Taishin Financial Holding Co., Ltd. Century Development Corporation Universal Venture Capital Investment Corporation	Related personnel with the Company's chairman None None	Financial assets at FVTOCI - non-current Financial assets at FVTOCI - non-current Financial assets at FVTOCI - non-current	135,609,925 12,334,854 5,600,000	2,047,710 158,354 43,960	1.13 3.52 4.65	2,047,710 158,354 43,960	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shinkong Synthetic Fibers Corporation	Shares							
	O-Bank Co., Ltd.	None	Financial assets at FVTOCI - non-current	25,762,308	\$ 216,146	0.94	\$ 216,146	
	Evergreen Steel Co.	None	Financial assets at FVTOCI - non-current	890,000	45,924	0.21	45,924	
	Shin Kong Mitsukoshi Department Store Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	24,401,636	819,650	1.96	819,650	
	Overseas Investment & Development Corp	None	Financial assets at FVTOCI - non-current	4,000,000	34,120	4.44	34,120	
	Li Yu Venture Capital Investment Corp.	None	Financial assets at FVTOCI - non-current	174,455	2,203	1.49	2,203	
	Shin Kong Chao Feng Ranch & Resort Corporation	Related party in substance	Financial assets at FVTOCI - non-current	200,000	30,864	2.22	30,864	
	PC Home Venture Fund Corp	None	Financial assets at FVTOCI - non-current	78,540	1,292	3.03	1,292	
	Budworth Investment Limited	None	Financial assets at FVTOCI - non-current	45,500	14	5.00	14	
	Great Taipei Broadband Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	2,500,000	7,150	1.67	7,150	
	Zacros Taiwan Co., Ltd.	None	Financial assets at FVTOCI - non-current	10,000,000	86,361	9.44	86,361	
	Wave-In Communication Inc.	None	Financial assets at FVTOCI - non-current	2,161,608	21,637	12.72	21,637	
	Shin Kong iEcofun Corporation	None	Financial assets at FVTOCI - non-current	1,327,736	7,900	18.81	7,900	
	IIH Biomedical Venture Fund I Co., Ltd.	None	Financial assets at FVTOCI - non-current	3,000,000	25,468	4.85	25,468	
	Pro Union Motor Co., Ltd.	None	Financial assets at FVTOCI - non-current	6,875,951	187,696	21.04	187,696	
	Pro Motor Co., Ltd.	None	Financial assets at FVTOCI - non-current	4,287,288	170,242	16.13	170,242	
	Pro Rental & Leasing Co., Ltd.	None	Financial assets at FVTOCI - non-current	5,277,251	160,706	18.93	160,706	
	Green Life Technology Corporation	None	Financial assets at FVTOCI - non-current	10,000,000	2,900	6.54	2,900	
	Earthbook Inc.	None	Financial assets at FVTOCI - non-current	1,600,000	960	4.71	960	
UBright Optronics Corp.	Shares							
	Shin Kong Financial Holding Co., Ltd. Preferred Stock B	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	2,000,000	71,800	-	71,800	
	OMVO TECHNOLOGY INC.	None	Financial assets at FVTOCI - non-current	649,323	8,053	1.48	8,053	
	T-E Pharma Holding Inc.	None	Financial assets at FVTOCI - non-current	3,750,000	36,852	1.42	36,852	
Shinkong Engineering Co., Ltd.	Shares							
	Shin Kong Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	16,549,473	145,139	0.12	145,139	
Shin Chiun Industrial Co., Ltd.	Shares							
	Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	619,000	24,791	0.21	24,791	
Hsingshing Investment Co., Ltd.	Shares							
	Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	1,951,507	78,158	0.65	78,158	
Pan Asian Plastics Corp.	Shares							
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	1,120,684	16,922	0.01	16,922	
	Fuhbic International Corp.	None	Financial assets at FVTOCI - non-current	236,990	5,948	1.82	5,948	
	United Capital Fund	None	Financial assets at FVTOCI - non-current	4,850,000	-	7.09	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Hsin Lung Chemical Co., Ltd.	Shares							
	Taiwan Shin Kong Security Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	1,160	\$ 45	-	\$ 45	
	Shin Kong Insurance Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	733,808	35,847	0.23	35,847	
	Shin Kong Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	976	8	-	8	
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	410,904	6,205	-	6,205	
	Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	112	4	-	4	
	Shin Ching Investment Co., Ltd.	None	Financial assets at FVTOCI - non-current	3,600,000	74,844	15.52	74,844	
	Mien Hao Co., Ltd.	None	Financial assets at FVTOCI - non-current	2,970,000	151,375	19.80	151,375	
	Shin Yun Co., Ltd.	None	Financial assets at FVTOCI - non-current	990,000	34,034	19.80	34,034	
Shinkong Technologies Corporation	Shares							
	Orien Go Co., Ltd.	None	Financial assets at FVTOCI - non-current	60,000	2,292	8.76	2,292	
Shin Kong International Leasing Corp.	Shares							
	Chailease Finance Co., Ltd. Preferred Stock A	None	Financial assets at FVTOCI - non-current	120,000	11,748	-	11,748	
Shinkong International Securities Co., Ltd.	Shares							
	Taiwan Futures Exchange Co., Ltd.	None	Financial assets at FVTOCI - non-current	861,551	56,904	0.18	56,904	
	Taiwan Stock Exchange Corporation	None	Financial assets at FVTOCI - non-current	81,585	6,207	0.01	6,207	
					<u>\$ 7,799,829</u>		<u>\$ 7,799,829</u>	
Taipei Star Bank	Government bonds	None	Financial assets at amortized cost - non-current	41,000	\$ 4,241,320	-	\$ 4,241,320	
	Corporate bonds	None	Financial assets at amortized cost - non-current	4,773	6,241,888	-	6,241,888	
	Financial bonds	None	Financial assets at amortized cost - non-current	129	2,592,955	-	2,592,955	
	Notes investments	None	Financial assets at amortized cost - non-current	5,450	<u>5,450,000</u>	-	<u>5,450,000</u>	
					<u>\$ 18,526,163</u>		<u>\$ 18,526,163</u>	

(Concluded)

TABLE 16

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

**TOTAL MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OVER \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buying and Selling Companies	Type and Name of Marketable Securities	Financial Statement Account	Trading Counterparty	Relationship with the Holding Company	January 1, 2022		Buy		Sale				December 31, 2022	
					Number of Shares	Carrying Amount	Number of Shares	Carrying Amount	Number of Shares	Sale Price	Billing Costs	Disposal Gain or Loss	Number of Shares	Carrying Amount
Shin Kong International Leasing Corp.	Ordinary shares of Jin Liang Power Service Co., Ltd.	Investments accounted for using the equity method	Jin Liang Power Service Co., Ltd.	Subsidiary	-	\$ -	14,700,000	\$ 246,960	-	\$ -	\$ -	\$ -	14,700,000	\$ 246,960

Note: These two columns need to be filled for marketable securities recognized as investments accounted for using the equity method.

TABLE 17

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

**TOTAL ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company	Property Name	Date of Event	Transaction Amount	Price Payment Scenarios	Trading Partners	Relationship	If the Counterparty is a Related Party, the Previous Transfer of Information				Price Determination Reference	Purpose of Acquisition and Use	Other Agreements
							Owner	Relationship	Transfer Date	Amount			
Shinkong Youth Co., Ltd.	Youth Venture Village and Smart Manufacturing Park Development Entitlement	May 30, 2022	\$ 797,600	\$ 380,000	Economic Development Bureau of Taoyuan City Government	Non-related party	N/A	N/A	N/A	N/A	Based on the tender price of Taoyuan City Government	Self-use and rental	None
	Youth Venture Village and Smart Manufacturing Park Land rent	May 20, 2022	206,157	1,122	Ministry of Finance, State Property Administration, Northern Division	Non-related party	N/A	N/A	N/A	N/A	Based on the tender price of Taoyuan City Government	Self-use and rental	None

TABLE 18

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Shinpont Industry Inc.	LYCRA Singapore	Affiliated company of Shinpont Industry Inc.	Sale	\$ (849,525)	(88.79)	According to contract signed by both parties	According to contract signed by both parties	According to contract signed by both parties	Account receivables \$ 40,112	52.78	
	The LYCRA Company Taiwan Limited, Taiwan Branch (H.K.)	Affiliated company of Shinpont Industry Inc.	Sale	(107,204)	(11.21)	According to contract signed by both parties	According to contract signed by both parties	According to contract signed by both parties	Account receivables 35,893	47.22	
Shinkong Synthetic Fibers Corporation	Topbottle resources technology corporation	Associate	Purchase	405,480	1.85	According to contract signed by both parties	According to contract signed by both parties	According to contract signed by both parties	Account payables (7,829)	(0.67)	

TABLE 19

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

No. (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note C)
0	SSF	TSI	1	Sales revenue	\$ 74,864	Refer to Note 4	-
		TSI	2	Cost of goods sold	824,275	Refer to Note 4	2
		TSI	1	Other receivable	29,966	General	-
		TSI	2	Accounts payable	107,515	Refer to Note 4	-
		TSI	1	Other revenue	86,990	General	-
		MAXIMA	2	Other payable	1,855,536	General	-
		SPF	1	Sales revenue	1,489,411	Refer to Note 4	1
		SPF	1	Other revenue	9,086	General	3
		SPF	1	Accounts receivable	437,196	Refer to Note 4	-
		SPF	1	Other receivable	3,520	General	-
		SPF	1	Rental revenue	28,926	General	-
		SPI	1	Sales revenue	136,429	Refer to Note 4	-
		SPI	1	Rental revenue	25,966	General	-
		SPI	1	Other revenue	23,395	General	-
		SPI	1	Other receivable	12,686	General	-
		SPI	1	Reduction of manufacturing expense	187,039	Refer to Note 5	-
		PAP	1	Sales revenue	8,559	Refer to Note 4	-
		SSFC	2	Other payable	48,628	General	-
		SKT	2	Other payable	8,485	General	-
		SKT	2	Manufacturing expense	34,780	General	-
		SKE	2	Manufacturing expense	66,000	General	-
		SKE	1	Other receivable	1,075	General	-
		SKIL	1	Right-of-use asset	3,787	General	-
		SKIL	2	Lease liabilities	3,802	General	-
		SKIS	2	Other payable	1,088	General	-
		PAPI	1	Reduction of manufacturing expense	181,055	Refer to Note 5	-
		PAPI	1	Sales revenue	645,630	Refer to Note 4	-
		PAPI	1	Rental revenue	14,809	General	1
		PAPI	1	Accounts receivable	216,462	Refer to Note 4	-
		PAPI	1	Other receivable	14,435	General	-
		PAPI	2	Cost of goods sold	1,656	Refer to Note 4	-
		SKIN	2	Unfinished Projects	2,720	General	-
		SKIN	2	Other payable	1,071	General	-
		Taipei Star Bank	1	Bank deposit	32,130	General	-
		SKJS	1	Sales revenue	48,223	Refer to Note 4	-
		SKJS	1	Other revenue	8,928	General	-
		SKJS	1	Accounts receivable	8,936	Refer to Note 4	-
		TBO	1	Other revenue	1,316	General	-
		CJH	2	Manufacturing expense	2,999	General	-

(Continued)

No. (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note C)
1	SPI	SSF	2	Right-of-use asset	\$ 88,058	General	-
		SSF	2	Lease liabilities	90,082	General	-
2	SPF	UBO	3	Sales revenue	33,476	Refer to Note 4	-
		UBO	3	Accounts receivable	4,299	Refer to Note 4	-
		Taipei Star Bank	3	Bank deposit	8,115	General	-
		SSF	2	Sales revenue	13,118	Refer to Note 4	-
		SSF	2	Right-of-use asset	92,550	General	-
		SSF	2	Lease liabilities	93,801	General	-
3	UBO	Taipei Star Bank	3	Interest revenue	2,000	General	-
		Taipei Star Bank	3	Bank deposit	70,883	General	-
		Taipei Star Bank	3	Financial assets at FVTPL - current	75,620	General	-
		TBO	3	Cost of goods sold	11,674	Refer to Note 4	-
		TBO	3	Accounts payable	1,718	Refer to Note 4	-
		RCE	3	Other receivable	46,339	General	-
		SUBO	3	Prepayment	2,598	General	-
		SUBO	3	Other expense	10,376	General	-
		SSF	2	Property, plant and equipment	28,894	General	-
		SSF	2	Gain or loss on disposal of property, plant and equipment	7,256	General	-
4	Taipei Star Bank	SKIL	3	Right-of-use asset	3,621	General	-
		SKIL	3	Lease liabilities	3,666	General	-
5	HSI	SKE	3	Sales revenue	53,655	General	-
		SKE	3	Professional service revenue	8,211	General	-
		SKE	3	Accounts payable	8,622	General	-
		Taipei Star Bank	3	Financial asset at amortized cost	8,000	General	-
		Taipei Star Bank	3	Bank deposit	63,862	General	-
		SEC	3	Professional service revenue	1,500	General	-
		SSF	2	Professional service revenue	6,000	General	-
6	SKIS	Taipei Star Bank	3	Bank deposit	73,759	General	-
		Taipei Star Bank	3	Other financial asset	300,000	General	-
		Taipei Star Bank	3	Financial asset at amortized cost	52,000	General	-
		Taipei Star Bank	3	Guarantee deposit for operating	5,000	General	-
		Taipei Star Bank	3	Other revenue	26,129	General	-
		Taipei Star Bank	3	Other receivable	2,277	General	-
		SKIL	3	Right-of-use asset	5,376	General	-
		SKIL	3	Lease liabilities	5,414	General	-
		Taipei Star Bank	3	Other payable	2,198	General	-
		Taipei Star Bank	3	Brokerage expenses	38,783	General	-
7	HAM	Taipei Star Bank	3	Financial asset at amortized cost	41,000	General	-
		SSF	2	Sales revenue	1,760	General	-

(Continued)

No. (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note C)
8	SEC	Taipei Star Bank	3	Bank deposit	\$ 16,147	General	-
		Taipei Star Bank	3	Financial asset at amortized cost	459,000	General	-
		IMBD	3	Other receivable	2,000	General	-
9	PAP	SKIL	3	Right-of-use asset	6,250	General	-
		SKIL	3	Lease liabilities	6,285	General	-
		PAPI	3	Sales revenue	21,861	Refer to Note 4	-
		PAPI	3	Other receivable	2,755	General	-
		PAPI	3	Other payable	5,537	Refer to Note 4	-
		PAPI	3	Cost of goods sold	68,563	Refer to Note 4	-
10	SKIL	Taipei Star Bank	3	Bank deposit	4,494	General	-
		Far Trust	3	Accounts receivable	297,470	General	-
		Far Trust	3	Accounts receivable - non-current	601,590	General	-
		Far Trust	3	Other operating revenues	23,810	General	-
		Far Trust	3	Guarantee deposits	13,500	General	-
		SKPS	3	Accounts receivable	42,736	General	-
		SKPS	3	Other receivable	67,080	General	-
		JLP	3	Accounts receivable	112,857	General	-
11	Maxima	Taipei Star Bank	3	Bank deposit	2,666	General	-
12	HLC	SKIL	3	Right-of-use asset	1,080	General	-
		SKIL	3	Lease liabilities	1,084	General	-
13	Far Trust	Taipei Star Bank	3	Bank deposit	12,445	General	-
		Taipei Star Bank	3	Financial asset at amortized cost	31,300	General	-
		Taipei Star Bank	3	Interest revenue	57,971	General	-
		Taipei Star Bank	3	Prepaid receivable	24,265	General	-
		Far Trust Leasing	3	Other revenue	3,429	General	-
		Far Trust Leasing	3	Other operating costs	10,080	General	-
		Far Trust Leasing	3	Other payable	2,307	General	-
		Far Trust Car Rental	3	Other receivable	13,000	General	-
14	CJH	Taipei Star Bank	3	Bank deposit	2,171	General	-
15	SKT	Taipei Star Bank	3	Bank deposit	4,879	General	-
		SPF	3	Sales revenue	3,360	General	-
		TBO	3	Sales revenue	3,328	General	-
		TBO	3	Accounts receivable	1,122	General	-
		SKIN	3	Sales revenue	3,149	General	-
16	OTOBUY	Taipei Star Bank	3	Bank deposit	6,674	General	-
17	Dayspring	Taipei Star Bank	3	Bank deposit	155,754	General	-
		SSFC	3	Other receivable	45,012	General	-
		SSF	2	Other receivable	661,200	General	-
		SSF	2	Interest revenue	9,123	General	-

(Continued)

No. (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note C)
18	PAPI	Taipei Star Bank	3	Bank deposit	\$ 3,171	General	-
		SSF	1	Right-of-use asset	113,592	General	-
		SSF	1	Lease liabilities	114,309	General	-
		PAP	3	Right-of-use asset	139,371	General	-
		PAP	3	Lease liabilities	140,250	General	-
19	SKF	Taipei Star Bank	3	Bank deposit	50,574	General	-
		Taipei Star Bank	3	Professional service revenue	7,229	General	-
		SKIS	3	Professional service revenue	1,714	General	-
20	IMBD	Taipei Star Bank	3	Bank deposit	2,909	General	-
21	SKIN	TBO	3	Sales revenue	2,904	General	-

Note A: Significant transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

1. Parent company: 0.
2. Subsidiaries are numbered from 1.

Note B: Related party transactions are divided into 3 categories as follows:

1. The Company to subsidiaries.
2. Subsidiaries to the Company.
3. Subsidiaries to subsidiaries.

Note C: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of December 31, 2020, while revenue, costs and expenses are shown as a percentage to consolidated revenue for the year ended December 31, 2020.

Note D: Transaction terms of sale and purchase between Shinkong Synthetic Fibers Corporation and its subsidiary are as follow:

Company Name	Item	Terms of Selling	Terms of Purchase	Terms of Collection	Terms of Payments
TSI	Finished goods	Market value	Market value	Open account 30 days	Open account 90 days
SPF	Finished goods	Market value		Open account 90 days - 120 days	
	Materials	Market value		Open account 90 days	
SPI	Finished goods	According to professional magazine price list		Open account 45 days	
	Materials	Cost value		Open account 30 days	
SKJS	Finished goods	Market value		Open account 90 days	
PAPI	Finished goods	Market value		Open account 90 days	
	Materials	Market value		Open account 90 days	
PAP	Finished goods	Market value		Open account 90 days	
	Materials	Market value		Open account 90 days	

Transaction terms between UBO and related parties are as follow:

Company Name	Item	Terms of Selling	Terms of Purchase	Terms of Collection	Terms of Payments
SPF	Materials	Market value	Market value	60 days after shipment	Next month 20th after delivery
TBO	Finished goods		Market value		Open account 90 days

(Continued)

Transaction terms between TBO and related parties are as follow:

Company Name	Item	Terms of Selling	Terms of Purchase	Terms of Collection	Terms of Payments
UBO	Finished goods	Market value		Open account 90 days	

Transaction terms between SPF and related parties are as follow:

Company Name	Item	Terms of Selling	Terms of Purchase	Terms of Collection	Terms of Payments
SSF	Finished goods		Market value		Open account 90-120 days
	Materials		Market value		Open account 90 days
UBO	Finished goods	Market value	Market value	Next month 20th after delivery	60 days after shipment

Transaction terms between PAP and related parties are as follow:

Company Name	Item	Terms of Selling	Terms of Purchase	Terms of Collection	Terms of Payments
PAPI	Finished goods	Market value	Market value	Open account 90 days	Open account 90 days
	Materials	Market value	Market value	Open account 90 days	Open account 90 days
SSF	Finished goods		Market value		Open account 90 days
	Materials		Market value		Open account 90 days

Transaction terms between TSI and related parties are as follow:

Company Name	Item	Terms of Selling	Terms of Purchase	Terms of Collection	Terms of Payments
SSF	Finished goods	Market value	Market value	Open account 90 days	Open account 30 days

Transaction terms between SPI and related parties are as follow:

Company Name	Item	Terms of Selling	Terms of Purchase	Terms of Collection	Terms of Payments
SSF	Finished goods		Market value		Open account 45 days
	Materials		Market value		Open account 30 days

Transaction terms between SKJS and related parties are as follow:

Company Name	Item	Terms of Selling	Terms of Purchase	Terms of Collection	Terms of Payments
SSF	Finished goods		Market value		Open account 30 days

Transaction terms between PAPI and related parties are as follow:

Company Name	Item	Terms of Selling	Terms of Purchase	Terms of Collection	Terms of Payments
SSF	Finished goods		Market value		Open account 90 days
	Materials		Market value		Open account 90 days
PAP	Finished goods	Market value	Market value	Open account 90 days	Open account 90 days
	Materials	Market value	Market value	Open account 90 days	Open account 90 days

Note E: Allocation expense for providing Shinkong Synthetic Fibers corporation management service.

(Concluded)

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
Shinkong Synthetic Fibers Corporation	Tai Jin Investment Co., Ltd.	Taipei City	Investment	\$ 3,505	\$ 3,505	1,111,315	48.57	\$ 7,056	\$ 11	\$ 5	
	Topbottle Resources Technology Corporation	Tainan City	Manufacturing of synthetic materials and plastic product	15,000	15,000	1,200,000	20.00	24,476	23,203	4,641	
	Ecofun Lab Corporation	Taoyuan City	Crop cultivation, wholesale of vegetables and fruits and retail sale of agricultural products	18,400	14,200	1,840,000	33.33	11,474	(10,761)	(4,554)	
	Shinsol Advanced Chemical Corporation	New Taipei City	Precision chemical material manufacturing	245,000	245,000	24,500,000	49.00	224,497	(17,897)	(8,770)	
Pan Asian Plastics Corp.	Tai Shin Leasing & Financial Co., Ltd.	Taipei City	Leasing	520,000	520,000	22,200,000	30.00	1,165,507	190,252	55,126	
Hsingshing Investment Co., Ltd.	Da Chun Universe Investment Co., Ltd.	Taichung City	Investment	9,000	9,000	(Note)	45.00	3,878	652	293	

Note: This is a limited company, the proportion of ownership is calculated based on the amount of capital contribution.

TABLE 21

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outflow	Inflow							
Hangzhou Huachun Chemical Fiber Co., Ltd.	Chemical fiber weaving, printing and dyeing	(Note A)	Investments through subsidiary SSFC Investment Ltd.	\$ 1,642,757 (US\$ 51,080)	\$ -	\$ 1,099,886 (US\$ 34,200)	\$ 542,871 (US\$ 16,880)	\$ -	-	\$ -	\$ -	\$ -	
Shinkong Industry (Hangzhou) Co., Ltd.	Manufacturing and sales of plastic, polyester film, and PET	(Note B)	Investments through subsidiary SSFC Investment Ltd.	305,644 (US\$ 7,300)	-	305,644 (US\$ 7,300)	-	-	-	-	-	326,702	
Shinkong Applied Materials (Jiangsu) Company Limited.	Sale of synthetic materials, fibers and manufacturing of plastic product	US\$15 million	(Note C)	-	-	-	-	87	100.00	87	391,401	-	
Suzhou UBright Optronics Corp.	Brightness enhancement film cutting process	RMB1 million	Investments through subsidiary Rise Concept Enterprises Ltd. Investment Ltd.	4,471 (RMB 1,000)	-	-	4,471 (RMB 1,000)	422	100.00	422	(722)	-	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$547,342 (US\$16,880) (RMB1,000) (Note D)	\$1,170,668 (US\$39,530) (RMB1,000) (Note E)	\$21,289,287

Note A: Hangzhou Huachun Chemical Fiber Co., Ltd. was liquidated in February 2021.

Note B: Shinkong Industry (Hangzhou) Co., Ltd. was liquidated in July 2021.

Note C: Establishment by issuance of ordinary shares for cash, which from SSFC Investment Ltd.

Note D: Including US\$4,280 thousand premium of machinery equipment from SSFC Investment Ltd., excluding authorized amounts and cash remittance of US\$240 thousand only to Dayspring Ltd.

Note E: Including SSFC Investment Ltd. use its own cash in capital and financing provided from related party to apply for US\$25,000 thousand investment amounts authorized.

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Shinkong Synthetic Fibers Corporation Shinkong Applied Materials (Jiangsu) Company Limited.	Sale	\$ (48,223)	(0.17)	Note	Note	Note	Accounts receivable \$ 8,936	0.35	\$ 1,445	
UBright Optronics Corporation Suzhou UBright Optronics Corporation	Professional service fee	10,376	-	Note	Note	Note	Other payable -	-	-	

- Note: Refer to Table 19.
- 1. Endorser/guarantor provided with investee companies in mainland China directly or indirectly through a third party: None.
 - 2. Financing providing to others with investee companies in mainland China directly or indirectly through a third party: None.
 - 3. Other transaction that have a material impact on profit or loss or financial condition: None.

TABLE 23**SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Shinsheng Investment Co., Ltd.	85,383,027	5.27
Shin Kong Co., Ltd.	84,414,691	5.21