3504

Young Optics Inc.

Parent Company Only Financial Statements
And
Independent Auditors' Report

For The Years Ended December 31, 2022 and 2021

Company Address: No.7, Hsin-Ann Rd., Hsinchu Science Park, Hsinchu, Taiwan, R.O.C.
Company Telephone: +886-3-620-6789

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To Young Optics Inc.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Valuation for inventories

As of December 31, 2022, the Company’s net inventory amounted to NT$349,637 thousand, which is significant for the parent company only financial statements. Due to the uncertainties arising from the rapid changes of technology and market environment, the assessment of obsolete and slow-moving inventory write-downs required significant management judgement, we therefore determined this as a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around inventories; evaluating the inventory counting plan and choosing significant warehouse for observation of the physical inventory count to verify the quantity and the status; evaluating and testing net realizable value of inventories adopted by the management; evaluating the reasonableness of the accounting policies on obsolete and slow-moving inventory, including the identification of the obsolete and slow-moving inventory, testing the correctness of the inventory aging and the reasonableness of the allowance for inventory obsolescence amount. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 4, 5 and 6 to the parent company only financial statements.

Revenue recognition

The Company recognized the revenue amounted to NT$4,669,237 thousand for the year ended December 31, 2022. Main source of revenue comes from projection products and imaging-related products sales. The Company recognized revenue when transferring a promised product to a customer. The terms of trade in the products agreed in their contracts are different when the performance obligations were satisfied. As a result of the higher complexity of revenue recognition, we determined the matter to be a key audit matter. Our audit procedures include, but not limited to, assessing the appropriateness of the accounting policy for revenue recognition; evaluating and testing the effectiveness of internal controls within the revenue recognition; selecting the top ten clients to perform testing of transaction and reviewing significant terms and conditions in the contracts; selecting samples to perform details testing of transaction and verifying the appropriateness of the timing of revenue recognition; viewing their transactions certificate and performing cut-off procedures on selected samples for a period before and after the reporting date; reviewing subsequent significant sales returns and discounts. Please refer to Notes 4 and 6 to the parent company only financial statements.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 parent company only financial statements.

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

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

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

3. Evaluate the appropriateness of accounting policies used and the reasonableness of

accounting estimates and related disclosures made by management.

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

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

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

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

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

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

/s/Chen, Chih-Chung

/s/Chiu, Wan-Ju

Ernst & Young, Taiwan
February 10, 2023

Notice to Readers

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

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

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

Young Optics Inc.

Parent Company Only Balance Sheets

As of December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2022	%	December 31, 2021	%
Current assets					
Cash and cash equivalents	4 and 6 (1)	$457,533	8	$426,426	7
Notes receivable, net	4 and 6 (2)	9	-	-	-
Trade receivable, net	4 and 6 (3)	338,936	6	479,095	8
Trade receivable-related parties, net	4, 6 (3) and 7	247,487	5	340,359	6
Other receivables		11,982	-	17,489	-
Other receivables-related parties	7	11,110	-	75,557	2
Inventories, net	4 and 6 (4)	349,637	6	415,053	7
Prepayments		17,853	-	14,272	-
Other current assets		89,187	2	66,928	1
Total current assets		1,523,734	27	1,835,179	31
Non-current assets					
Investments accounted for using the equity method	4 and 6 (5)	1,809,484	32	1,790,926	30
Property, plant and equipment, net	4, 6 (6), 6 (17) and 8	1,659,109	30	1,693,117	28
Right-of-use assets	4 and 6 (16)	299,513	5	315,688	5
Investment property, net	4, 6 (7), 6 (17) and 8	144,231	3	152,301	3
Intangible assets	4, 6 (8) and 6 (17)	88,809	2	94,889	2
Deferred tax assets	4 and 6 (20)	27,342	1	33,449	1
Refundable deposits		2,139	-	1,935	-
Net defined benefit assets-noncurrent	4 and 6 (11)	20,448	-	18,384	-
Other non-current financial assets	8	21,878	-	21,868	-
Other non-current assets		3,393	-	12,196	-
Total non-current assets		4,076,346	73	4,134,753	69
Total assets		$5,600,080	100	$5,969,932	100

LIABILITIES AND EQUITY	Note	December 31, 2022	%	December 31, 2021	%
Current liabilities					
Short-term borrowings	4 and 6 (9)	$45,000	1	$130,000	2
Contract liabilities-current	4, 6 (14) and 7	66,724	1	30,339	1
Accounts payable		200,385	4	214,126	4
Accounts payable-related parties	7	411,071	8	549,490	9
Other payables		349,116	6	328,421	6
Other payables-related parties	7	9,492	-	2,491	-
Current tax liabilities	4 and 6 (20)	11,047	-	6,162	-
Provisions-current	4 and 6 (12)	26,329	1	18,998	-
Lease liabilities, non-related parties	4 and 6 (16)	15,457	-	15,088	-
Current portion of long-term borrowings	4 and 6 (10)	412,807	7	314,311	5
Other current liabilities		13,400	-	15,860	-
Total current liabilities		1,560,828	28	1,625,286	27
Non-current liabilities					
Long-term borrowings	4 and 6 (10)	412,807	8	828,515	14
Deferred tax liabilities	4 and 6 (20)	23,927	1	26,535	1
Lease liabilities, non-related parties-noncurrent	4 and 6 (16)	295,543	5	309,636	5
Guarantee deposits		5,147	-	5,147	-
Total non-current liabilities		737,424	14	1,169,833	20
Total liabilities		2,298,252	42	2,795,119	47
Equity					
Capital					
Common stock	6 (13)	1,140,598	20	1,140,598	19
Capital surplus	6 (13)	1,648,711	29	1,648,711	28
Retained earnings	6 (13)				
Legal reserve		386,690	7	383,980	6
Special reserve		211,914	4	187,523	4
Unappropriated retained earnings		64,582	1	27,101	-
Total retained earnings		663,186	12	598,604	10
Other equity		(150,667)	(3)	(213,100)	(4)
Total equity		3,301,828	58	3,174,813	53
Total liabilities and equity		$5,600,080	100	$5,969,932	100

The accompanying notes are an integral part of parent company only financial statements.

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

Young Optics Inc.

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Note	For the year ended December 31		For the year ended December 31	
		2022	%	2021	%
Net sales	4, 6 (14) and 7	$4,669,237	100	$3,903,743	100
Operating costs	6 (4), 6 (16), 6 (17) and 7	(3,897,610)	(83)	(3,187,833)	(82)
Gross profit		771,627	17	715,910	18
Unrealized gross profit on sales		(1,904)	-	(15,685)	-
Realized gross profit on sales		15,685	-	4,799	-
Gross profit, net		785,408	17	705,024	18
Operating expenses	6 (15), 6 (16), 6 (17) and 7				
Selling expenses		(103,065)	(2)	(102,091)	(3)
General and administrative expenses		(168,915)	(4)	(167,007)	(4)
Research and development expenses		(415,527)	(9)	(379,782)	(10)
Total operating expenses		(687,507)	(15)	(648,880)	(17)
Operating income		97,901	2	56,144	1
Non-operating income and expenses					
Interest income	6 (18)	1,330	-	614	-
Other income	6 (16) and 6 (18)	43,300	1	41,988	1
Other gains and losses	6 (18)	15,594	-	(17,865)	-
Finance costs	6 (18)	(19,430)	-	(14,360)	-
Share of loss of subsidiaries, associates and joint ventures for using the equity method		(58,576)	(1)	(27,512)	(1)
Total non-operating income and expenses		(17,782)	-	(17,135)	-
Net income before tax		80,119	2	39,009	1
Income tax expense	4 and 6 (20)	(15,469)	-	(12,648)	-
Net income		64,650	2	26,361	1
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	6 (19)	(85)	-	925	-
Income tax related to items that will not be reclassified subsequently to profit or loss	6 (19) and 6 (20)	17	-	(185)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6 (19)	62,433	1	(25,577)	(1)
Income tax related to items that may be reclassified subsequently to profit or loss	6 (19)	-	-	-	-
Other comprehensive income (loss), net of tax		62,365	1	(24,837)	(1)
Total comprehensive income		$127,015	3	$1,524	-
Basic Earnings Per Share (in New Taiwan Dollars)	6 (21)	$0.57		$0.23	
Diluted Earnings Per Share (in New Taiwan Dollars)	6 (21)	$0.57		$0.23	

The accompanying notes are an integral part of parent company only financial statements.

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

Young Optics Inc.

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars)

Description	Common stock	Capital surplus	Retained earnings			Other equity	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign operations	
Balance as of January 1, 2021	$1,140,598	$1,648,711	$440,202	$192,691	$(61,390)	$(187,523)	$3,173,289
Appropriation and distribution of retained earnings							
Legal reserve for accumulated deficit	-	-	(56,222)	-	56,222	-	-
Reversal of special reserve	-	-	-	(5,168)	5,168	-	-
Total appropriation and distribution of retained earnings	-	-	(56,222)	(5,168)	61,390	-	-
Net income for the year ended December 31, 2021	-	-	-	-	26,361	-	26,361
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	740	(25,577)	(24,837)
Total comprehensive income (loss)	-	-	-	-	27,101	(25,577)	1,524
Balance as of December 31, 2021	$1,140,598	$1,648,711	$383,980	$187,523	$27,101	$(213,100)	$3,174,813
Balance as of January 1, 2022	$1,140,598	$1,648,711	$383,980	$187,523	$27,101	$(213,100)	$3,174,813
Appropriation and distribution of retained earnings							
Legal reserve	-	-	2,710	-	(2,710)	-	-
Special reserve	-	-	-	24,391	(24,391)	-	-
Total appropriation and distribution of retained earnings	-	-	2,710	24,391	(27,101)	-	-
Net income for the year ended December 31, 2022	-	-	-	-	64,650	-	64,650
Other comprehensive (loss) income for the year ended December 31, 2022	-	-	-	-	(68)	62,433	62,365
Total comprehensive income	-	-	-	-	64,582	62,433	127,015
Balance as of December 31, 2022	$1,140,598	$1,648,711	$386,690	$211,914	$64,582	$(150,667)	$3,301,828

The accompanying notes are an integral part of parent company only financial statements.

Note: The amounts of employees' compensation was NT$14,139 thousand and NT$6,884 thousand for the years ended December 31, 2022 and 2021, respectively.

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

Young Optics Inc.

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31	
	2022	2021
Cash flows from operating activities :		
Net income before tax	$80,119	$39,009
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Expected credit loss (gain)	63	(4)
Depreciation	227,740	236,724
Amortization	18,738	15,179
Interest expense	19,430	14,360
Interest income	(1,330)	(614)
Gain on lease modification	-	(8)
Share of loss of subsidiaries, associates and joint ventures for using the equity method	58,576	27,512
Unrealized gross profit on sales	1,904	15,685
Realized gross profit on sales	(15,685)	(4,799)
Amortization of gain on disposal of intangible assets	(920)	(921)
Loss (gain) on disposal of property, plant and equipment	9,124	(10)
Changes in operating assets and liabilities:		
Notes receivable	(9)	-
Trade receivable	140,096	(99,981)
Trade receivable-related parties	92,872	(159,114)
Other receivables	5,494	(7,376)
Other receivables-related parties	64,447	241,850
Inventories	65,416	(197,954)
Prepayments	(3,581)	(2,038)
Other current assets	(22,259)	(19,736)
Contract liabilities-current	36,385	(5,766)
Accounts payable	(13,741)	(9,027)
Accounts payable-related parties	(138,419)	(169,903)
Other payables	21,543	78,053
Other payables-related parties	7,683	(1,633)
Provisions-current	7,331	6,404
Other current liabilities	(2,460)	2,319
Net defined benefit assets-noncurrent	(2,149)	(2,325)
Cash generated from operating activities	656,408	(4,114)
Interest received	1,343	609
Interest paid	(19,375)	(14,216)
Income tax paid	(7,068)	(50)
Net cash provided by (used in) operating activities	631,308	(17,771)

Description	For the years ended December 31	
	2022	2021
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	937	20
Acquisition of property, plant and equipment	(180,724)	(99,782)
Acquisition of intangible assets	(11,447)	(23,243)
(Increase) decrease in refundable deposits	(204)	2,724
Increase in other financial assets-noncurrent	(10)	(10)
Decrease (increase) in other non-current assets	8,619	(11,128)
Net cash used in investing activities	(182,829)	(131,419)
Cash flows from financing activities :		
Decrease in short-term borrowings	(85,000)	(109,744)
Increase in long-term borrowings (including current portion of long-term borrowings)	-	599,900
Repayments of long-term borrowings (including current portion of long-term borrowings)	(317,212)	(115,501)
Repayment of the principal portion of lease liabilities	(15,160)	(15,370)
Increase in guarantee deposits	-	490
Net cash (used in) provided by financing activities	(417,372)	359,775
Net increase in cash and cash equivalents	31,107	210,585
Cash and cash equivalents at beginning of the period	426,426	215,841
Cash and cash equivalents at end of the period	$457,533	$426,426

The accompanying notes are an integral part of parent company only financial statements.

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

1. HISTORY AND ORGANIZATION

Young Optics Inc. ("the Company") was incorporated at Hsinchu Science Park on February 18, 2002. The Company mainly engages in research, design, manufacturing and sales of optical components, optical engines, and key components.

The Company's ordinary shares were publicly listed on the Taiwan Stock Exchange on January 2007. The Company's registered office and the main business location is at No. 7, Hsinan Road, Hsinchu Science Park. Coretronic Corporation is the parent company of the Company and is the ultimate controller of the group to which the Company belongs.

2. DATES AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 were authorized for issue by the Board of Directors on February 10, 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

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

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

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

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

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

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

B. Definition of Accounting Estimates – Amendments to IAS 8

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

C. Deferred Tax related to Assets and Liabilities arising from a single transaction– Amendments to IAS 12

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

The abovementioned standards and interpretations issued by the IASB have been endorsed by the FSC, and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Company.

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

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

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

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

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

B. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

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

C. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

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

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

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

The abovementioned standards and interpretations issued by the IASB have not yet been endorsed by the FSC, and the local effective dates are to be determined by the FSC. The adoption of these new standards and amendments had no material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

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

(2) Basis of Preparation

According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under

"Investments accounted for using the equity method" in the parent company only financial report and change in value will be adjusted.

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

(3) Foreign Currency Transactions

The parent company only financial statements are presented in NT$.

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

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

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

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

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

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

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

(4) Translation of Foreign Currency Financial Statements

Each foreign operation of the Company determines its function currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(5) Current and Non-Current Distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(6) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, including time deposits with original maturities of twelve months or less.

(7) Financial Instruments

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

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

A. Financial instruments: Recognition and Measurement

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

The Company classified financial assets as subsequently "measured at amortized cost", "measured at fair value through other comprehensive income" or "measured at fair value through profit or loss" on the basis of both:

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

Financial assets measured at amortized cost

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

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

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

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

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

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

Financial assets measured at fair value through other comprehensive income

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

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

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

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

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

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

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

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

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

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

Financial assets measured at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

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

B. Impairment of financial assets

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

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

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

The loss allowance is measures as follow:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

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

C. Derecognition of financial assets

A Financial assets is derecognized when:

(a) The rights to receive cash flows from the asset have expired

(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred

(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if:

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

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

When the Company and the creditors have a significant difference between the terms of the debt instruments to exchange, or make significant changes to all or part of the existing financial liabilities (no matter due to financial difficulties or not), deal with the way to exclude original liabilities and recognize new liabilities, when exclude the financial liabilities, the difference between book value and the total amount paid or payable (Including transferred non-cash assets or liabilities assumed) is recognized in profit or loss.

E. Offsetting of financial instruments

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

(8) Derivative instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

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

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

(9) Fair Value Measurement

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

A. In the principal market for the asset or liability; or

B. In the absence of a principal market, in the most advantageous market for the asset orliability.

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

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

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

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

(10) Inventories

Inventories are stated at acquisition cost, and the cost is measured by standard cost method. The Company considers the normal level of materials, labors, efficiency and equipment capacity when making regular reviews and adjustments according to the current situation.

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

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

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

(11) Investments accounted for using the equity method

The Company's investment in subsidiaries is presented, valued and adjusted in accordance with the "Investment Accounted for using the equity method" as defined in Article 21 of the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" in order to have had the current profit and loss and other comprehensive profit and loss in the financial statements equivalent to the amortization amount of the current profit and loss and other comprehensive profit and loss in the individual financial statements that is attributable to the shareholders of the parent company; also, the shareholder's equity amount in the financial statements is same as the equity attributable to the shareholders of the parent company in the individual financial statements. Such adjustments are mainly based on the difference between having the "investment in subsidiaries" processed in accordance with IAS 27 "individual Financial Statements" and IFRSs that is for different reporting entities; also, the said difference is debited or credited to the account of "Investment Accounted for using the equity method," "Profit and loss of the subsidiaries under the equity method, associates, and Joint Ventures" or "Other comprehensive profit and loss of the subsidiaries under the equity method, associates and Joint Ventures.

(12) Property, Plant and Equipment

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

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

Buildings and facilities	2～30 years
Machinery and equipment	2～15 years
Furniture and fixtures	2～20 years
Miscellaneous equipment	3～15 years

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

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

(13) Investment property

An investment property are measured initially at cost, including transaction costs. The carrying amounts includes the cost of replacing part of an existing investment property at the time thatcost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Company shall measure investment property by cost model in accordance with IAS 16 "Property, Plant and Equipment," except the property meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations." If a property is held by a lessee as a right-of-use asset and is not held for sale in accordance with IFRS 5, it shall be measured in accordance with IFRS 16.

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

Buildings	10～30 years

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

Assets are transferred to or from investment properties when there is a change in use.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(14) Leases

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

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

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

The Company as a lessee

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

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

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

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

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

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

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

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

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

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associate with those leases in the parent company only income statement.

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

The Company as a lessor

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

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

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

(15) Intangible Assets

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

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

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

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

Gains or losses arising from the derecognition of intangible assets are recognized into profit or loss.

Developing intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Company can demonstrate:

A. The technical feasibility of completing the intangible asset so that it will be available for use or sale

B. Its intention to complete and its ability to use or sell the asset

C. How the asset will generate future economic benefits

D. The availability of resources to complete the asset

E. The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Specialized Technology

Specialized technology has been granted by contract for 10 years.

Computer Software

The cost of computer software is amortized on a straight-line basis over its estimated useful life (two to three years).

The Company's accounting policies for intangible assets are summarized as following:

	Developing intangible assets	Specialized Technology	Computer Software
Useful years	Indefinite	Indefinite	Indefinite
Amortization Method to be applied	Amortized on a straight-line basis over the period of expected future sales arising from the related projects	Amortized on a straight-line basis over the contractual license period	Amortized at a straight-line basis over the estimated benefit period
Internally generated or externally acquired	Internally generated	externally acquired	externally acquired

(16) The Impairment of Non-Financial Assets

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

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

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

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

(17) Provisions

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

Warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management’s judgement and other known factors.

(18) Revenue Recognition

The Company’s revenue arising from contracts with customers mainly include sale of goods and rendering of services. The accounting policies for the Company’s types of revenue are explained as follow:

Sales of goods

The Company manufactures and sells of merchandise. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers,primarily for optical products, and is recognized on the basis of the contracted price. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The Company provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The primary credit period of the Company's sale of goods is from 30 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. Theperiod between the Company transfers the goods to customers and when the customers pay forthat goods is usually short and have no significant financing component to the contract. Fora small part of the contracts, the Company has the right to transfer the goods to customers but does not have a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expectedcredit losses.

Rendering of services

The services that the Company renders are mainly the related services of development and design. These services are individually priced or negotiated and are provided on the basis of contract term. Due to the Company provides design services during the contract period so that customers can obtain the benefits of these products during the contract period. It shall be recognized as the revenue by satisfying the performance obligation over time.

Most trade receivables of contractual agreement in the Company are received averagely in the term of contract after design service rendered. We recognize contract assets when it has the right to transfer labor services to customers without unconditional receipt of consideration. However, for some contracts, the Company is obligated to provide subsequent services because it receives part of the consideration from the client at the time of signing the contract and therefore recognizes a contract liability.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

(19) Post-Employment Benefits

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

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

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

A. The date of the plan amendment or curtailment; and
B. The date that the Company recognizes related restructuring or termination costs.

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

(20) Share-based payment plans

The cost of equity-settled transactions between the Company and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of the equity-settled share-based payment transaction is gradually recognized when service terms and performance conditions are met, and the equity recognized increases relatively. The accumulated expense from equity-settled share-based payment transactions before the end of every reporting period before the vesting date is a reflection on the passing of the vesting period at the best estimate for the number of equity instruments that will ultimately vest. The cumulative cost changes for the share-based payment transactions will be recognized in profit or loss for the period.

If ultimately, the instruments do not meet the vesting criteria, no expense shall be recognized. However, if the vesting conditions of the equity settled transaction are related to market conditions or non-vested conditions, when all service or performance conditions are met, related expenses shall be recognized irrespective of whether the market conditions or non-vested conditions have been met.

When the terms of an equity-settled transaction are modified, at least the unmodified initial cost of benefits is recognized. Additional transaction costs under equity-settled are recognized when the modification of the terms of a share-based transaction increases the total fair value of the share-based benefit transaction or is beneficial to employees.

If an equity-settled in share-based payment plan is cancelled, it is deemed to have vested on the date of cancellation and the remaining unrecognized share-based payment expense is recognized immediately, including compensation plans over which the enterprise or employees have control and for which the non-vested conditions have not been met. If the previously cancelled bonus plan is replaced by a new bonus plan that is recognized as a replacement for the cancelled bonus plan on the date of grant, the cancelled and newly granted bonus plan is deemed as a modification of the initial bonus plan.

(21) Income Tax

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

Current income tax

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

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) is expensed in the year the shareholders approve the appropriation of earnings which is the year subsequent to the year the earnings are generated.

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
B. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

A. Judgment

The adoption of the Company's accounting policies for the preparation of financial statements requires the management to make certain significant judgments. These include:

Operating Lease Commitment -the Company as Lessor

The Company still retains substantially all the risks and rewards to ownership of real estates based on an evaluation of terms agreed for commercial lease agreement in real estate with signed and deemed those as operation leases.

B. Estimation and Assumption

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

(a) Fair value of financial instruments

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

(b) Valuation of inventory

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

Due to the rapid technological changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventories is mainly determined based on assumptions of future demand within a specific time period, therefore material adjustments may occur. Please refer to Note 6.

(c) Impairment of Non-Financial Assets

An impairment loss occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less disposal costs is calculated based on the price of a binding sales agreement or the market value of an asset in an arm's length transaction, less incremental costs directly attributable to the disposal of the asset. Value in use is calculated based on a cash flow discounted model. Cash flow prediction are based on estimates for the next five years and do not include restructuring to which the Company is not yet committed or significant future investments required to enhance the performance of the assets of the cash-generating unit under test. Recoverable amounts are susceptible to the discount rates used in the cash flow discounted model and the expected future cash inflows and growth rates used for extrapolation purposes. The key assumptions used to determine the recoverable amounts of the different CGUs, including sensitivity analysis, are described in Note 6.

(d) Post-Employment Benefit Plan

The present value of the defined benefit cost and defined benefit obligation of the postemployment benefit plans depends on actuarial valuation. The actuarial valuation involves various assumptions, including discount rates and changes in expected payroll. Please refer to Note 6 for a detailed description of the assumptions used to measure the defined benefit cost and the defined benefit obligation.

(e) Provision for product warranty

Based on historical experience, product characteristics and other known reasons, the Company make the estimates of product warranties and repairs that may occur and those would be added into the cost of goods sold in the year in which the products are sold. The Company's management periodically reviews the reasonableness of these estimates. Please refer to Note 6.

(f) Revenue Recognition - Sales Returns and Discounts

The Company estimates sales returns and discounts based on historical experience and other known reasons and recognizes them as a reduction of operating income at the time of sale. The aforementioned estimates of sales returns and discounts are based on the premise that it is highly probable that there will be no material reversal in the cumulative amount of revenue recognized. Please refer to Note 6.

(g) Income Tax

Uncertainties in income tax arise from the interpretation of complex tax regulations, the amount and timing of future taxable income. Due to the long-term nature and complexity of extensive international business relationships and contracts, differences between actual results and assumptions made, or future changes in such assumptions, may result in future adjustments on income tax benefits and expenses recognized. The recognition for income taxes is a reasonable estimate based on probable audits by the tax authorities of the countries in which the Company operates. The amounts recognized are based on various factors, such as past tax audit experience and differences in the interpretation of tax regulations by the tax authorities to which the Company belongs. Such differences in interpretation may give rise to various issues depending on the circumstances of the company's individual business location.

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

Deferred income tax assets are recognized to the extent that it is probable to have taxable income or taxable temporary differences in future for taxation loss not in use, and carry forward of income tax and deductible temporary differences. The determination of the amount of deferred tax assets to be recognized is based on the timing and level of probable taxable income in future and taxable temporary differences, together with strategies of tax planning in future. As of December 31, 2022, please refer to Note 6 for a description of the Company's deferred income tax assets unrecognized.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

	December 31,	
	2022	2021
Savings and checking accounts	$318,533	$268,526
Cash equivalents - repurchase agreements	139,000	157,900
Total	$457,533	$426,426

(2) Notes Receivables

	December 31,	
	2022	2021
Notes receivable-arose from operating activities (Total carrying amount)	$9	$-
Less: allowance for doubtful accounts	-	-
Total	$9	$-

Notes receivables were not pledged.

The Company adopted IFRS 9 for impairment assessment. Please refer to Note 6(15) for more details on accumulated impairment and refer to Note 12 for more details on credit risk disclosure.

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

(3) Trade Receivables and Trade Receivables - Related Parties

	December 31,	
	2022	2021
Trade receivables (Total Carrying Amount)	$338,999	$479,095
Less: allowance for doubtful accounts	(63)	-
Subtotal	338,936	479,095
Trade receivables - related parties (Total Carrying Amount)	247,487	340,359
Less: allowance for doubtful accounts	-	-
Subtotal	247,487	340,359
Total	$586,423	$819,454

Trade receivables were not pledged.

Trade receivables are generally on 30 to 90 day terms. The total carrying amounts of trade receivables (include trade receivables-related parties) as of December 31, 2022 and 2021, were NT$586,486 thousand and NT$819,454 thousand, respectively. Please refer to Note 6(15) for more details on impairment of trade receivables. Please refer to Note 12 for more details on credit risk management.

(4) Inventories

	December 31,	
	2022	2021
Raw materials	$236,219	$283,915
Work in process	64,411	87,026
Finished goods (included merchandises)	49,007	44,112
Total	$349,637	$415,053

The cost of inventories recognized in expenses amounted to NT$3,897,610 thousand and NT$3,187,833 thousand for the years ended December 31, 2022 and 2021, respectively, including the write-down of inventories and obsolescence loss of NT$31,019 thousand and $2,291 thousand, respectively.

No inventories were pledged.

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

(5) Investments Accounted for using the Equity Method

	December 31, 2022		December 31, 2021	
Investee companies	Amount	Percentage of ownership	Amount	Percentage of ownership
Masterview Enterprises Limited	$1,649,592	100.00%	$1,672,822	100.00%
Ray Optics Inc.	125,494	92.50%	105,290	92.50%
Mejiro Genossen Inc.	43,980	99.00%	37,097	99.00%
Subtotal	1,819,066		1,815,209	
Less: Unrealized gross profit on sales	(1,904)		(15,685)	
Unrealized gains on disposal of intangible assets	(7,678)		(8,598)	
Total	$1,809,484		$1,790,926	

The Company accounted for its investments in subsidiaries using the equity method and made assessments and adjustments according the current situation.

(6) Property, Plant and Equipment

	December 31, 2022	December 31, 2021
Property, plant and equipment for own-use	$1,659,109	$1,693,117

	Buildings	Machinery and equipment	Office fixtures	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:						
As of January 1, 2022	$2,055,580	$1,049,559	$74,845	$266,200	$69,779	$3,515,963
Additions	33,468	63,861	4,586	13,071	63,126	178,112
Disposals	(12,585)	(5,514)	-	(4,138)	-	(22,237)
Transfers	27,326	38,485	200	620	(66,631)	-
As of December 31, 2022	$2,103,789	$1,146,391	$79,631	$275,753	$66,274	$3,671,838
As of January 1, 2021	$2,052,234	$994,315	$72,396	$263,666	$37,350	$3,419,961
Additions	3,779	20,123	2,539	3,226	69,597	99,264
Disposals	(433)	(2,047)	(90)	(692)	-	(3,262)
Transfers	-	37,168	-	-	(37,168)	-
As of December 31, 2021	$2,055,580	$1,049,559	$74,845	$266,200	$69,779	$3,515,963
Depreciation and impairment:						
As of January 1, 2022	$855,737	$745,901	$52,869	$168,339	$-	$1,822,846
Depreciation	94,255	82,193	6,624	18,987	-	202,059
Disposals	(3,955)	(4,441)	-	(3,780)	-	(12,176)
Transfers	-	-	-	-	-	-
As of December 31, 2022	$946,037	$823,653	$59,493	$183,546	$-	$2,012,729

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

	Buildings	Machinery and equipment	Office fixtures	Other equipment	Construction in progress and equipment awaiting inspection	Total
As of January 1, 2021	$759,227	$662,125	$46,738	$147,448	$-	$1,615,538
Depreciation	96,943	85,823	6,221	21,573	-	210,560
Disposals	(433)	(2,047)	(90)	(682)	-	(3,252)
Transfers	-	-	-	-	-	-
As of December 31, 2021	$855,737	$745,901	$52,869	$168,339	$-	$1,822,846
Net carrying amounts as of:						
December 31, 2022	$1,157,752	$322,738	$20,138	$92,207	$66,274	$1,659,109
December 31, 2021	$1,199,843	$303,658	$21,976	$97,861	$69,779	$1,693,117

The significant components of the Company's buildings are mainly the main building, electrical and mechanical works, and parking towers, which are depreciated over their useful lives of 30 years, 20 years, and 25 years, respectively.

Please refer to Note 8 for the property, plant and equipment pledge as collaterals as of December 31, 2022 and 2021.

(7) Investment Property

Investment property held by the Company is for own-use. The Company signed the commercial property lease contracts with periods of 3 years, which included clauses to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	Buildings
Cost:	
As of January 1, 2022	$244,538
Additions from acquisitions	-
As of December 31, 2022	$244,538
As of January 1, 2021	$244,538
Additions from acquisitions	-
As of December 31, 2021	$244,538
Depreciation and Impairment:	
As of January 1, 2022	$92,237
Depreciation	8,070
As of December 31, 2022	$100,307
As of January 1, 2021	$84,185
Depreciation	8,052
As of December 31, 2021	$92,237

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

	Buildings
Net carrying amount as of:	
December 31, 2022	$144,231
December 31, 2021	$152,301

	Years ended December 31,	
	2022	2021
Rental income from investment property	$12,783	$12,783
Less: Direct operating expenses from investment property generating rental income	(8,070)	(8,052)
Total	$4,713	$4,731

Please refer to Note 8 for the investment properties pledge as collaterals as of December 31, 2022 and 2021.

Investment properties held by the Company are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized with Level 3. The fair value of investment properties held by the Company amounted to NT$200,400 thousand and NT$212,800 thousand as of December 31, 2022, and 2021, respectively. The above-mentioned fair value has been determined based on valuations performed by an independent appraiser. The valuation method used is discount cash-flow analysis method, and the inputs used are discount rates and growth rates:

	December 31,	
	2022	2021
Discount rates	4.345%	3.845%
Growth rates	0.4%	0.4%

(8) Intangible Assets

	Computer Software	Specialized Techniques	Total
Cost:			
As of January 1, 2022	$85,432	$29,350	$114,782
Additions－acquired separately	12,474	-	12,474
Derecognition for expiration	(7,772)	-	(7,772)
As of December 31, 2022	$90,134	$29,350	$119,484
As of January 1, 2021	$66,518	$29,350	$95,868
Additions－acquired separately	22,206	-	22,206
Derecognition for expiration	(3,292)	-	(3,292)
As of December 31, 2021	$85,432	$29,350	$114,782

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

	Computer Software	Specialized Techniques	Total
Amortization and impairment:			
As of January 1, 2022	$12,185	$7,708	$19,893
Amortization	14,996	3,558	18,554
Derecognition for expiration	(7,772)	-	(7,772)
As of December 31, 2022	$19,409	$11,266	$30,675
As of January 1, 2021	$4,041	$4,150	$8,191
Amortization	11,436	3,558	14,994
Derecognition for expiration	(3,292)	-	(3,292)
As of December 31, 2021	$12,185	$7,708	$19,893
Net caring amount as of:			
December 31, 2022	$70,725	$18,084	$88,809
December 31, 2021	$73,247	$21,642	$94,889

Amortization expense of intangible assets:

	Years ended December 31,	
	2022	2021
Operation cost	$7,422	$5,653
Selling expenses	552	840
General and administrative expenses	2,473	2,990
Research and development expenses	8,107	5,511
Total	$18,554	$14,994

(9) Short-term Borrowings

	December 31,	
	2022	2021
Unsecured bank loans	$45,000	$130,000
Interest rate (%)	1.75%	0.80%

The Company’s unused short-term lines of credits amounted to NT$1,975,000 thousand and NT$2,030,000 thousand as of December 31, 2022 and 2021, respectively.

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

(10) Long-term Borrowings

As of December 31, 2022:

Lenders	December 31, 2022	Interest rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	$599,900	1.73%	Principle is repaid in 8 quarterly payments from February 19, 2023.
Secured long-term borrowings from Hua Nan Commercial bank	68,571	1.55%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	142,857	1.53%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	14,286	1.55%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Less: current portion	(412,807)		
Total	$412,807		

As of December 31, 2021:

Lenders	December 31, 2021	Interest rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	$599,900	1.10%	Principle is repaid in 8 quarterly payments from February 19, 2023.
Secured long-term borrowings from First Bank	69	1.10%	Principle is repaid in 16 quarterly payments from December 20, 2020.
Secured long-term borrowings from Hua Nan Commercial bank	4,286	1.02%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	102,857	1.02%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	214,286	1.00%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	21,428	1.02%	Principle is repaid in 14 quarterly payments from July 25, 2021.

(to be continued)

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

Lenders	December 31, 2021	Interest rate (%)	Maturity date and terms of repayment
Long-term borrowings from Export-Import Bank of the Republic of China	105,000	0.62%	Principle will be repaid once at maturity on May 8, 2022.
Long-term borrowings from Export-Import Bank of the Republic of China	95,000	0.62%	Principle will be repaid once at maturity on May 13, 2022.
Less: current portion	(314,311)		
Total	$828,515		

The Company's unused long-term lines of credits amounted to NT$300,000 thousand and NT$0 thousand as of December 31, 2022 and 2021, respectively. Please refer to Note 8 for property, plant, and equipment and investment properties pledged as collateral for long-term loans.

(11) Post-Employment Benefits

Defined contribution plan

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

Pension expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were NT$28,657 thousand and NT$26,400 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units.

Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March in the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$1,971 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

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

The weighted average duration of the defined benefits plan obligation was 14.28 years and 14.66 years as of December 31, 2022 and 2021, respectively.

Pension costs recognized in profit or loss are as follows:

	Years ended December 31,	
	2022	2021
Current service costs	$-	$-
Curtailment of benefits	-	-
Net interest on the net defined benefit assets	(122)	(122)
Total	$(122)	$(122)

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

	December 31,		January 1,
	2022	2021	2021
Present value of defined benefit obligation	$51,363	$48,916	$50,946
Plan assets at fair value	(71,811)	(67,300)	(66,080)
Carrying amount on the net defined benefit assets	$(20,448)	$(18,384)	$(15,134)

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

Reconciliations of net defined benefit assets are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
As of January 1, 2022	$48,916	$(67,300)	$(18,384)
Current service cost	-	-	-
Interest expense (revenue)	304	(426)	(122)
Prior service cost and profit or loss on repayment	-	-	-
Subtotal	49,220	(67,726)	(18,506)
Remeasurements of defined benefit liability/asset:			
Actuarial gains or losses arising from changes in financial assumptions	5,415	-	5,415
Experience adjustments	(68)	(5,262)	(5,330)
Subtotal	5,347	(5,262)	85
Benefits paid	(3,204)	3,204	-
Contributions by employer	-	(2,027)	(2,027)
As of December 31, 2022	$51,363	$(71,811)	$(20,448)
As of January 1, 2021	$50,946	$(66,080)	$(15,134)
Current service cost	-	-	-
Interest expense (revenue)	375	(497)	(122)
Prior service cost and profit or loss on repayment	-	-	-
Subtotal	51,321	(66,577)	(15,256)
Remeasurements of defined benef liability/asset:			
Actuarial gains or losses arising from changes in financial assumptions	2,129	-	2,129
Experience adjustments	(2,368)	(686)	(3,054)
Subtotal	(239)	(686)	(925)
Benefits paid	(2,166)	2,166	-
Contributions by employer	-	(2,203)	(2,203)
As of December 31, 2021	$48,916	$(67,300)	$(18,384)

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

The principal assumptions used in determining the Company's defined benefit plan are as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.750%	0.625%
Expected rate on salary increases	3.000%	1.000%

Sensitivity analysis for significant assumptions is as follows:

	Years ended December 31, 2022		2021	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.25%	$-	$1,686	$-	$1,629
Discount rate decrease by 0.25%	1,782	-	1,693	-
Expected salary increase by 0.25%	1,722	-	1,661	-
Expected salary decrease by 0.25%	-	1,650	-	1,603

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

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

(12) Provisions

	Warranties
As of January 1, 2022	$18,998
Arising (reversals) during the period	14,384
Utilized during the period	(7,053)
As of December 31, 2022	$26,329
As of January 1, 2021	$12,594
Arising (reversals) during the period	12,777
Utilized during the period	(6,373)
As of December 31, 2021	$18,998

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

Warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management’s judgement and other known factors.

(13) Equities

A. Common Stock

As of December 31, 2022 and 2021, the Company's authorized capital was NT$1,200,000 thousand and its issued capital was NT$1,140,598 thousand, each at a par value of NT$10, divided into 114,059,785 shares. Each share has one voting right and a right to receive dividends. The stockholders' meeting in 2008 resolved to increase the authorized capital to NT$1,600,000 thousand, divided into 160,000,000 shares, each at a par value of NT$10, but the registration of the change has not yet been completed.

B. Capital surplus

	December 31,	
	2022	2021
Additional paid-in capital	$1,647,625	$1,647,625
Changes in ownership interests in subsidiaries	651	651
Others	435	435
Total	$1,648,711	$1,648,711

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

C. Retained earnings and dividend policies

According to the Articles of Incorporation, current year’s earnings shall be distributed in the following order:

(a) Payment of all taxes and dues;

(b) Offset accumulated losses in previous years, if any;

(c) Legal reserve, which is 10% of leftover profits. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the company’s total capital stock;

(d) Allocation or reverse of special reserve as required by law or government authorities;

(e) The remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. The Board of Directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

The Company's dividend policy is based on the Company Act and the Company's Articles of Incorporation and may be paid in the form of stock dividends or cash dividends, depending on the Company's capital and financial structure, operating conditions, earnings, and the nature and cycle of the industry to which the Company belongs. However, since the optical industry in which the Company currently operates maturely, but there is still an opportunity for growth and development in the newly optical product application market, the Company may pay dividends, if any, in the form of cash dividends of not less than 10% of the total amount of cash and stock dividends paid in the year, based on industrial, financial, business and operational considerations.

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

When distributing distributable profits, the Company shall set aside special reserve for the difference between the balance of special reserve at first-time adoption of IFRS and the net debit elements of other equity according to regulations. If any of the net debit elements under other equity is reversed, the special reserve in the amount equal to the reversal may be reversed for profits distribution.

In accordance with the Financial Supervisory Commission's Order No. 1090150022 issued on March 31, 2021, the Company recognized a special reserve of NT$82,686 thousand for the unrealized revaluation incremental and cumulative translation adjustment (gain) recorded on the date of transition to IFRSs due to the adoption of IFRS 1 "First-time Adoption of International Financial Reporting Standards" exemption. Subsequently, when the Company uses, disposes of, or reclassifies the related assets, the Company may reverse the appropriation of earnings in proportion to the special reserve.

On June 17, 2022, the shareholders' meeting approved the appropriation of earnings for the year ended December 31, 2021, and no dividends were distributed to shareholders.

At the shareholders' meeting held on July 15, 2021, the Company resolved not to distribute any dividends to shareholders and to use the legal reserve of NT$56,222 thousand to cover the Company's operating loss for the year ended December 31, 2020.

As of February 10, 2023, the Company's board of directors has not yet proposed the appropriation of 2022 earnings. Please refer to Note 6.17 for information on the basis of estimating and recognition of the amount of employee compensation and director compensation.

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

(14) Sales

	Years ended December 31, 2022	Years ended December 31, 2021
Contract revenue from customers		
Sale of goods	$4,635,609	$3,861,273
Other operating revenues	33,628	42,470
Total	$4,669,237	$3,903,743

Analysis of contracts revenue from customers during the periods is as follows:

A. Revenue of Segments

	Optical Segment	
	Years ended December 31,	
	2022	2021
Sale of goods	$4,635,609	$3,861,273
Rendering of services	33,628	42,470
Total	$4,669,237	$3,903,743
The timing of revenue recognition:		
At a point in time	$4,635,609	$3,861,273
Over time	33,628	42,470
Total	$4,669,237	$3,903,743

B. Contract balance

Contract liabilities-current

	December 31, 2022	December 31, 2021	December 31, 2020
Sale of goods	$59,310	$30,242	$34,291
Rendering of services	7,414	97	1,814
Total	$66,724	$30,339	$36,105

A description of the significant changes in contractual liabilities for the years ended December 31, 2022 and 2021 is as followings:

	Years ended December 31, 2022	Years ended December 31, 2021
Revenues from the contract liabilities balance at the beginning of the period	$(20,299)	$(24,496)
Increase in advance receipts for the period (deducted the portion occurred in current period	56,684	18,730

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

and transferred to revenue)

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2022 and 2021, there is no need to provide relevant information of the unsatisfied performance obligations as the contracts with customers about the sales of goods are all within one year.

D. Cost of assets from acquisition or performance of customer contracts.

None.

(15) Expected credit losses

	Years ended December 31, 2022	2021
Operating expenses－expected credit losses(reversal benefits)		
Trade receivables	$63	$(4)

The Company measure notes and trade receivables (including related parties) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2022 and 2021 is as follows:

Notes and trade receivables (including related parties) are classified into the same group after considering the counterparties' credit rating, geographical and industry. Its loss allowance is measured by using a provision matrix. Details are as below:

As of December 31, 2022:

	Not past due (Note)	Past due 1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	Over 151 days	Total
Gross carrying amount	$519,229	$63,856	$1,252	$2,110	$-	$6	$42	$586,495
Loss ratio	-%	-%	-%	1%	-%	-%	100%	
Expected credit losses in duration	-	-	-	21	-	-	42	63
Carrying amount	$519,229	$63,856	$1,252	$2,089	$-	$6	$-	$586,432

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

As of December 31, 2021:

	Not past due (Note)	Past due 1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	Over 151 days	Total
Gross carrying amount	$777,350	$42,080	$24	$-	$-	$-	$-	$819,454
Loss ratio	-%	-%	-%	-%	-%	-%	-%	
Expected credit losses in duration	-	-	-	-	-	-	-	-
Carrying amount	$777,350	$42,080	$24	$-	$-	$-	$-	$819,454

Note: Notes receivable of the Company are not past due.

The movement of provision for impairment of trade receivables during the period is as follows:

	Years ended December 31, 2022	2021
Beginning Balance	$-	$137
Addition for the current period	63	-
Reversal on impairment loss	-	(4)
Write-off	-	(133)
Ending Balance	$63	$-

Please refer to Note 12 for the information regarding of credit risk.

(16) Leases

A. The Company as lessee

The Company leases variety properties, including real estate (land and buildings) and transportation equipment. The lease have terms between 1 to 30 years with no special restrictions.

The effects that leases have on the financial position, financial performance and cash flows of the Company are as follows:

(a) Amounts recognized in the balance sheet

(i) Right-of-use asset

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

The carrying amount of right-of-use assets

	December 31, 2022	December 31, 2021
Land	$298,032	$313,361
Transportation equipment	1,481	2,327
Total	$299,513	$315,688

During the years ended December 31, 2022 and 2021, the addition to right-of-use assets of the Company amounted to NT$1,436 thousand and NT$2,539 thousand, respectively.

(ii) Lease liabilities

	December 31, 2022	December 31, 2021
Current	$15,457	$15,088
Non-Current	295,543	309,636
Total	$311,000	$324,724

Please refer to Note 6(18)D. for the interest on lease liability recognized during the years ended December 31, 2022 and 2021, and Note 12(5) for the maturity analysis for lease liabilities.

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

Depreciation charge for right-of-use assets

	Years ended December 31, 2022	Years ended December 31, 2021
Land	$16,765	$16,712
Transportation equipment	846	1,400
Total	$17,611	$18,112

(c) Income and costs relating to leasing activities

	Years ended December 31, 2022	Years ended December 31, 2021
The expense relating to short-term leases	$1,440	$371
The expense relating to leases of low-value assets (excluding the expense relating to short-term leases of low-value assets)	132	125
The expense relating to variable lease payments not included in the measurement of lease liabilities	10	-

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Company's total cash outflows for leases amounted to NT$23,231 thousand and NT$22,621 thousand, respectively.

(e) Other information relating to leasing activities

(i) Variable lease payment

The Company has no contracts with variable lease payment terms.

(ii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company’s property rental agreements. In determining thelease term, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercisethat option. These options are used to maximize operational flexibility in terms of managing contracts. The Company would reassess the lease term when significant issue or change occur. (that is within the control of the lessee and affects whether the Company can make a reasonable assurance that it will exercise an option that was not previously included in the determination of the lease term or will not exercise an option that was previously included in the determination of the lease term).

(iii) Residual value guarantees

To optimize lease costs during the contract period, the Company doesn’t provide residual value guarantees in relation to rental agreements, and therefore no residual value guarantees are recorded in lease liability.

B. The Company as lessor

Please refer to Note 6(6) and Note 6(7) for details on the Company's owned property, plant and equipment and investment property. Leases of owned property, plant, and equipment and investment property are classified as operating leases as they do not transfer substantiallyall the risks and rewards incidental to ownership of underlying assets.

No financing lease contracts were signed.

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

	Years ended December 31,	
	2022	2021
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or rate	$37,525	$37,058
Income relating to variable lease payments that do not depend on an index or rate	-	-
Total	$37,525	$37,058

For operating leases entered by the Company, the undiscounted lease payments to be received are as follows:

	December 31,	
	2022	2021
No more than 1 year	$37,214	$36,773
Over 1 year but not more than 2 years	1,504	35,270
Over 2 years but no more than 3 years	778	286
Over 3 years but no more than 4 years	492	286
Over 4 years but no more than 5 years	492	-
Over 5 years	492	-
Total	$40,972	$72,615

(17) Summary Statement of Employee Benefits, Depreciation and Amortization Expenses by Function

Function / Items	Years ended December 31,					
	2022			2021		
	Operating cost	Operating expenses	Total amount	Operating cost	Operating expenses	Total amount
Employee benefits expense	$456,838	$413,230	$870,068	$381,458	$399,214	$780,672
Salaries	379,566	353,769	733,335	318,939	344,766	663,705
Labor and health insurance	38,365	27,884	66,249	32,903	26,303	59,206
Pension	13,406	15,129	28,535	11,352	14,926	26,278
Directors' remuneration	-	2,520	2,520	-	2,520	2,520
Other employee benefits expense	25,501	13,928	39,429	18,264	10,699	28,963
Depreciation (Note 1)	156,208	63,462	219,670	162,660	66,012	228,672
Amortization (Note 2)	7,574	11,164	18,738	5,807	9,372	15,179

Note 1: Excluding depreciation of investment property of NT$8,070 thousand and NT$8,052 thousand for the years 2022 and 2021, respectively.

Note 2: Including the amortization of deferred expenses of $184 thousand and NT$185 thousand for the year 2022 and 2021, respectively.

Note 3: The numbers of employees were 942 and 872 as of December 31, 2022 and 2021, respectively. The number of directors who are not concurrent employees was 6 in 2022 and 2021.

Note 4: The average amounts of employee benefits expense were NT$927 thousand and NT$899 thousand for the years ended December 31, 2022 and 2021, respectively. The average employee salary expenses were NT$783 thousand and NT$766 thousand for the years ended December 31, 2022 and 2021, respectively. The average variable ratio of employee salary expense was reduced by 2.2%.

According to the Articles of Incorporation of the Company, 10% of profit of the current year is distributable as employees’ compensation. However, that when the Company has accumulated losses, the profits shall be preserved to make up for losses, before distributing to employees. The employees’ remuneration shall be distributed in stock or cash. The resolution shall be made by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and reported to the shareholders’ meeting. The information about the employees’ and directors’ remuneration resolved by the board of directors can be obtained from the “Market Observation Post System” on the website of the TWSE.

For the years 2022 and 2021, based on the Company's profitability, employees' remuneration was estimated to be NT$14,139 thousand and NT$6,884 thousand, respectively, and was recognized under salaries and wages, and if the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognizethe change as an adjustment in the profit or loss in the subsequent period.

On February 10, 2023 and February 11, 2022, the board of directors resolved to distribute employees' remuneration in cash of NT$14,139 thousand and NT$6,884 thousand, respectively, which were not significantly different from the estimated amounts for the year 2022 and 2021.

The Company's compensation policy for directors, managers and employees is as followings:

The Company has established a policy on directors' and employees' compensation in its Articles of Incorporation and has established a Compensation Committee to evaluate and monitor the compensation system of the Company's directors and managers. The compensation procedures for directors and managers are based on the Company's Board of Directors' performance evaluation method and employee performance appraisal. In addition to the Company's operating performance, future risks, development strategies and industry trends, the Company also considers the individual's contribution to the Company's performance and provides reasonable compensation.

The Company has established a comprehensive employee welfare system in compliance with laws and regulations and local needs in order to provide employees with good remuneration and benefits. Employee compensation includes monthly salaries, bonuses based on business performance, and employee compensation based on annual profitability and bylaws. The Company conducts regular performance appraisals for all employees each year to ensure that the performance of employees is known and used as a basis for promotion, training and development, and compensation.

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

The Company has set up an audit committee to replace the supervisors, and the supervisors' remuneration was $0 for both year 2022 and 2021.

(18) Non-operating income and expenses

A. Interest income

	Years ended December 31,	
	2022	2021
Financial assets measured at amortized cost	$1,330	$614

B. Other income

	Years ended December 31,	
	2022	2021
Rental income	$37,525	$37,058
Other income-others	5,775	4,930
Total	$43,300	$41,988

C. Other gains and losses

	Years ended December 31,	
	2022	2021
Gain (loss) on disposal of property, plant and equipment	$(9,124)	$10
Foreign exchange gain (loss), net	32,831	(9,640)
Gains on lease modification	-	8
Others	(8,113)	(8,243)
Total	$15,594	$(17,865)

D. Financial cost

	Years ended December 31,	
	2022	2021
Interest on borrowings from bank	$12,941	$7,605
Interest on lease liabilities	6,489	6,755
Total	$19,430	$14,360

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

(19) Components of Other Comprehensive Income

The components of other comprehensive income for the year 2022 were as followings:

	Arising during the period	Adjustment on reclassification during the period	Other comprehensive income	Income tax income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of defined benefit plans	$(85)	$-	$(85)	$17	$(68)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	62,433	-	62,433	-	62,433
Total	$62,348	$-	$62,348	$17	$62,365

The components of other comprehensive income for the year 2021 were as followings:

	Arising during the period	Adjustment on reclassification during the period	Other comprehensive income	Income tax expense	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of defined benefit plans	$925	$-	$925	$(185)	$740
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	(25,577)	-	(25,577)	-	(25,577)
Total	$(24,652)	$-	$(24,652)	$(185)	$(24,837)

(20) Income Tax

The major components of income tax expenses are as followings:

Income tax recognized in profit or loss

	Years ended December 31,	
	2022	2021
Current income tax expense:		
Current income tax payable	$11,268	$6,318
Adjustment of prior years' income tax	685	-
Deferred income tax expense:		
Temporary differences related to initial recognition and reversal	3,516	6,330
Total income tax expense	$15,469	$12,648

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

Income taxes recognized in other comprehensive income

	Years ended December 31, 2022	2021
Deferred tax (income) expense:		
Remeasurements on defined benefit plans	$(17)	$185

Reconciliation of income tax expense and the accounting profit multiplied by applicable tax rates is as follows:

	Years ended December 31, 2022	2021
Accounting profit before tax from continuing operations	$80,119	$39,009
Tax at the domestic rates applicable to profits in the country concerned	$16,024	$7,802
Tax effect of expenses not deductible for tax purposes	9,375	10,554
Tax effect of deferred tax assets/liabilities	(10,615)	(5,708)
Adjustment of prior years' income tax	685	-
Total income tax expenses recognized in profit or loss	$15,469	$12,648

Deferred income tax assets (liabilities) related to the following:

For the year ended December 31, 2022

	Beginning Balance	Recognized in profit or loss	Recognized in other comprehensive income	Directly recognized in Equity	Exchange differences	Ending Balance
Temporary differences						
Unrealized allowance for inventory obsolescence	$18,699	$(1,425)	$-	$-	$-	$17,274
Long-term investments at equity	(26,535)	2,608	-	-	-	(23,927)
Provisions - maintenance warranties	3,800	1,466	-	-	-	5,266
Provisions - sales returns and allowances	61	249	-	-	-	310
Accrued employees’ welfares	6,882	184	-	-	-	7,066
Defined benefit liabilities-non-current	(2,470)	(430)	17	-	-	(2,883)
Others	6,477	(6,168)	-	-	-	309
Deferred tax (expense) income		$(3,516)	$17	$-	$-	
Net deferred tax assets (liabilities)	$6,914					$3,415
Reflected in balance sheet as follows:						
Deferred tax assets	$33,449					$27,342
Deferred tax liabilities	$(26,535)					$(23,927)

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

For the year ended December 31, 2021

	Beginning Balance	Recognized in profit or loss	Recognized in other comprehensive income	Directly recognized in Equity	Exchange differences	Ending Balance
Temporary differences						
Unrealized allowance for inventory obsolescence	$20,854	$(2,155)	$-	$-	$-	$18,699
Long-term investments at equity	(21,784)	(4,751)	-	-	-	(26,535)
Provisions - maintenance warranties	2,519	1,281	-	-	-	3,800
Provisions - sales returns and allowances	1,152	(1,091)	-	-	-	61
Accrued employees' welfares	6,133	749	-	-	-	6,882
Defined benefit liabilities-non-current	(1,820)	(465)	(185)	-	-	(2,470)
Others	6,375	102	-	-	-	6,477
Deferred tax (expense) income		$(6,330)	$(185)	$-	$-	
Net deferred tax assets (liabilities)	$13,429					$6,914
Reflected in balance sheet as follows:						
Deferred tax assets	$35,213					$33,449
Deferred tax liabilities	$(21,784)					$(26,535)

Summary of information on the Entities of the Company's unused tax losses

		Unutilized accumulated loss		
Occurrence Year	Deficit Amount	December 31, 2022	December 31, 2021	Expiration Year
2020	$168,760	$135,379	$167,796	2030

Unrecognized deferred tax assets

As of December 31, 2022 and 2021, deferred tax assets that have not been recognized amount to NT$34,527 thousand and NT$47,973 thousand, respectively.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company did not recognize deferred tax liabilities associated with tax payable for unremitted earnings of the Group's overseas subsidiaries, as the Company has determined that not all distributed profits of its subsidiaries will be distributed in the foreseeable future. As of December 31, 2022 and 2021, the amounts of taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities were NT$70,244 thousand and NT$83,392 thousand, respectively.

The assessment of income tax returns

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

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

(21) Earnings Per Share

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

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

	Years ended December 31,	
	2022	2021
A. Basic earnings per share		
Profit attributable to ordinary shareholders of the parent (in thousand NT$)	$64,650	$26,361
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	114,060	114,060
Basic earnings per share (NT$)	$0.57	$0.23
B. Diluted earnings per share		
Profit attributable to ordinary shareholders of the parent (in thousand NT$)	$64,650	$26,361
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	114,060	114,060
Effect of dilution:		
Employee Compensation (in thousand)	194	59
Adjusted weighted average number of ordinary shares outstanding after dilution (in thousand)	114,254	114,119
Diluted earnings per share (NT$)	$0.57	$0.23

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

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

7. Related Party Transactions

The related parties with whom the Company had transactions during the financial reporting period are as followings:

Related Party Name	Related Party Categories
Coretronic Corporation("CORE")	Parent Company
Coretronic Projection (Kunshan) Co., Ltd("CPC")	Same ultimate parent company with the Company
Coretronic Optics (Kunshan) Corporation("COC")	Same ultimate parent company with the Company
Optoma Corporation ("PTOMA_Corp")	Same ultimate parent company with the Company
Ray Optics Inc. ("ROI")	Subsidiary of the Company
Young Optics (Kunshan)CO., LTD. ("KYO")	Subsidiary of the Company
Young Optics (Suzhou) CO., LTD. ("SYO")	Subsidiary of the Company
Grace China Investments Limited("GCI")	Subsidiary of the Company
Young Optics (BD) LTD. ("YO BD")	Subsidiary of the Company
Mejiro Genossen Inc. ("MG")	Subsidiary of the Company
Coretronic Intelligent CloudService Corporation("CICS")	Same ultimate parent company with the Company
Coretronic Intelligent Logistics Solutions Corporation("CILS")	Same ultimate parent company with the Company

Significant transactions with the related parties:

(1) Sales

	Years ended December 31,	
	2022	2021
CORE	$1,971	$2,338
ROI	462,507	226,091
KYO	15,737	61,724
SYO	67,903	97,071
MG	9,140	8,957
CPC	1,339,160	164,735
Others	3,720	6,060
Total	$1,900,138	$566,976

The Company's sales to related parties are based on normal sales terms; the collection period is 60~90 days on monthly closing, which is similar to normal customers.

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

(2) Purchases

	Years ended December 31,	
	2022	2021
CORE	$2,295	$7,584
KYO	1,872,564	1,402,983
Others	240,156	170,623
Total	$2,115,015	$1,581,190

The Company's purchases to related parties are based on normal market rates; the payment terms is 30~90 days on monthly closing, which is similar to normal customers.

(3) Trade Receivables-Related Parties

	December 31,	
	2022	2021
CORE	$967	$698
CPC	63,072	163,857
KYO	-	63,698
SYO	420	24,739
ROI	121,431	47,435
YO BD	60,952	35,243
Others	645	4,689
Total	247,487	340,359
Less: allowance for doubtful accounts	-	-
Net Amount	$247,487	$340,359

(4) Other Receivables-Related Parties

	December 31,	
	2022	2021
GCI	$-	$68,206
Others	11,110	7,351
Less: allowance for doubtful accounts	-	-
Net Amount	$11,110	$75,557

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

(5) Contract Liabilities-Current

	December 31,	
	2022	2021
CORE	$525	$525

(6) Accounts Payables-Related Parties

	December 31,	
	2022	2021
CORE	$-	$6,082
KYO	409,850	488,235
Others	1,221	55,173
Total	$411,071	$549,490

(7) Other Payables-Related Parties

	December 31,	
	2022	2021
CORE	$508	$265
MG	685	1,201
CICS	34	1,012
KYO	8,236	-
Others	29	13
Total	$9,492	$2,491

(8) Other Transactions

A. The expenses recognized for management services and technical services provided by related parties to the Company are shown below:

	Years ended December 31,	
Company	2022	2021
MG	$-	$1,056
CICS	-	631
Others	42	24
Total	$42	$1,711

B. The operating-related expenses (recognized as manufacturing expenses and operating expenses) provided by the related parties for the years ended December 31, 2022 and 2021 are shown below:

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

	Years ended December 31,	
Company	2022	2021
MG	$4,826	$3,674
Others	339	242
Total	$5,165	$3,916

C. For the year ended December 31, 2021, the Company provided other income of $20 thousand for miscellaneous purchases to KYO.

D. For the year ended December 31, 2022, the Company compensated the reserves to buy raw materials to KYO.

E. The transactions of property, plant and equipment and right-of-use in software transactions are as follows:

	Years ended December 31,	
	2022	2021
Purchases of Property, Plant and Equipment:		
Young Optics Europe GmbH	$-	$1,249
CICS	-	536
Total	$-	$1,785
Purchases of Right-of-Use in Software:		
CICS	$1,600	$-
Sales on Property, Plant and Equipment:		
KYO	$22	$-
YO BD	915	-
Total	$937	$-

(9) Key Management Personnel Compensation

	December 31,	
	2022	2021
Short-term employee benefits	$28,937	$31,439
Post-employment benefits	794	1,091
Total	$29,731	$32,530

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

8. Assets Pledged as Collateral

The following assets of the Company pledged as collateral:

	Carrying amount		
Assets pledged as collateral	December 31, 2022	December 31, 2021	Purpose of pledge
Time deposits (recognized as other financial assets - noncurrent)	$1,094	$1,087	Customs import guarantee
Time deposits (recognized as other financial assets - noncurrent)	20,395	20,395	Guarantee for Land in Lease
Time deposits (recognized as other financial assets - noncurrent)	389	386	Guarantee for Dormitory in Lease
Buildings (including Investment Properties)	754,100	795,875	Collateral for long-term borrowings
Total	$775,978	$817,743	

9. Commitments and Contingencies

None.

10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

None.

12. Others

(1) Categories of financial instruments

Financial Assets

	December 31, 2022	December 31, 2021
Financial assets measured at amortized cost:		
Cash and cash equivalents	$457,533	$426,426
Receivables	609,524	912,500
Refundable deposits	2,139	1,935
Other financial assets	21,878	21,868
	$1,091,074	$1,362,729

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

Financial Liabilities

	December 31,	
	2022	2021
Financial liabilities at amortized cost:		
Short-term borrowings	$45,000	$130,000
Payables	970,064	1,094,528
Long-term borrowings (including the current portion)	825,614	1,142,826
Lease liabilities	311,000	324,724
Guaranteed deposits received	5,147	5,147
	$2,156,825	$2,697,225

(2) Financial Risk Management Objectives and Policies

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

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

(3) Market Risk

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

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

Foreign Currency Risk

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

Some of the receivables and payables are denominated in the same foreign currencies; thus, the positions would benefit from the natural hedging effect. Furthermore, as net investments in foreign operations are for strategic purposes, they are not hedged by the Company.

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

When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2022 and 2021 is decreased/increased by NT$3,311 thousand and NT$3,121 thousand, while equity is decreased/increased by NT$16,496 thousand and NT$16,728 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk mainly arises from floating rate of borrowings and assumes that if the market interest rate increases/decreases by 1% in a financial year, the Company's profit or loss will decrease/increase by NT$8,706 thousand and NT$11,428 thousand for the year 2022 and 2021, respectively.

(4) Credit Risk Management

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

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

As of December 31, 2022, and 2021, receivables from top ten customers represented 64% and 60% of the total trade receivables of the Company, respectively. The credit concentration risk of other trade receivables was insignificant.

Credit risk from balances with bank deposits, other financial instruments, and refundable deposits is managed by the Company's treasury in accordance with the Company's policy. Due to the Company's counterparties are determined by internal control procedures and are creditworthy banks and corporate organizations, the Corporation has no significant credit risk.

(5) Liquidity Risk Management

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

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

Non-Derivative Financial Liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
As of December 31, 2022					
Borrowings	$468,601	$416,193	$-	$-	$884,794
Payables	970,064	-	-	-	970,064
Lease liabilities	21,650	42,153	41,580	265,075	370,458
As of December 31, 2021					
Borrowings	$454,270	$837,461	$-	$-	$1,291,731
Payables	1,094,528	-	-	-	1,094,528
Lease liabilities	21,558	42,830	41,397	284,607	390,392

(6) Reconciliation of liabilities Arising from Financing Activities

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

	As of January 1, 2022	Cash flows	Non-cash Changes	As of December 31, 2022
Short-term borrowings	$130,000	$(85,000)	$-	$45,000
Long-term borrowings (including the current portion)	1,142,826	(317,212)	-	825,614
Lease liabilities	324,724	(15,160)	1,436	311,000
Guaranteed deposits received	5,147	-	-	5,147
	$1,602,697	$(417,372)	$1,436	$1,186,761

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

	As of January 1, 2022	Cash flows	Non-cash Changes	As of December 31, 2022
Short-term borrowings	$239,744	$(109,744)	$-	$130,000
Long-term borrowings (including the current portion)	658,427	484,399	-	1,142,826
Lease liabilities	338,023	(15,370)	2,071	324,724
Guaranteed deposits received	4,657	490	-	5,147
	$1,240,851	$359,775	$2,071	$1,602,697

(7) Fair Value of Financial Instruments

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

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

(a) The carrying amount of cash and cash equivalents, trade receivables, refundable deposits, short-term borrowings, accounts payable and guarantee deposits received approximate their fair value dueto their short maturities.

(b) The fair value of long-term borrowings and lease liabilities without active market are determined by using valuation techniques. Therefore, the fair value is estimated using the present value of the expected cash flows. The assumption of interest rate and discount rate mainly is measured by similar financial instruments.

B. Fair value of financial instruments measured at amortized cost

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

C. Fair value measurement hierarchy for financial instruments

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

(8) Fair Value Measurement Hierarchy

A. Definition of Fair Value Hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

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

The Company does not have assets that are measured at fair value on a recurring and non-recurring basis.

C. Fair Value Hierarchy that shall be disclosed for assets not measured at fair value:

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets whose fair value shall only be disclosed:				
Investment properties (Note 6(7))	$-	$-	$200,400	$200,400

As of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Assets whose fair value shall only be disclosed:				
Investment properties (Note 6(7))	$-	$-	$212,800	$212,800

(9) Significant Assets and Liabilities Denominated in Foreign Currencies

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

Note: Foreign Currency in thousand

	December 31, 2022		
	Foreign Currency	Exchange Rate	NTD thousand
Financial Assets			
Monetary Items:			
USD	$28,972	30.71	$889,741
JPY	26,334	0.2324	6,120
Investments accounted for using equity method			
USD	$53,715	30.71	$1,649,592
JPY	183,869	0.2324	42,731
Financial Liabilities			
Monetary Items:			
USD	$18,192	30.71	$558,685
JPY	3,607	0.2324	838

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

	December 31, 2021		
	Foreign Currency	Exchange Rate	NTD thousand
Financial Assets			
Monetary Items:			
USD	$35,837	27.68	$991,970
JPY	36,762	0.2405	8,841
Investments accounted for using equity method			
USD	$60,434	27.68	$1,672,822
JPY	147,538	0.2405	35,483
Financial Liabilities			
Monetary Items:			
USD	$24,562	27.68	$679,872
JPY	16,024	0.2405	3,854

The Company’s functional currencies are various, and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain (loss) was NT$32,831 thousand and NT$(9,640) thousand for the years ended December 31, 2022 and 2021, respectively.

(10) Capital Management

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

(11) Other Items

The Covid-19 pandemic has impacted the global supply chain and consumer demand. The Group continues to track the development of the epidemic and dynamically adjust the manpower and production capacity allocation among the Group's plants in order to maintain a stable supply to customers.

13. Additional Disclosures

(1) Information on significant transactions

A. Financing provided to others for the year ended December 31, 2022: None.

B. Endorsement/Guarantee provided to others for the year ended December 31, 2022: None.

C. Securities held as of December 31, 2022 (excluding subsidiaries, associates and joint venture): None

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December31, 2022: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 millionor 20 percent of the capital stock for the year ended December 31, 2022: None.

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

G. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2022: Please refer to Attachment 3.

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 2022: Please refer to Attachment 4.

I. Financial instruments and derivative transactions: None.

J. The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Attachment 6.

(2) Information on investees

Relevant information on investees when the investees have significant influence or direct or indirect control: Please refer to Attachment 7.

(3) Investment in Mainland China

A. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 8.

B. Directly or indirectly significant transactions with the investees in Mainland China: Please refer to Note 13(1)J.

(4) Information on major shareholders

Name, number of shares, and percentage of shares held by shareholders with at least 5% ownership: Please refer to Attachment 9.

Attachment 1: Financing provided to others for the year ended December 31, 2022

in thousand of NTD/USD

No.	Lender	Counter-party	Financial statement account	Related party	Maximum balance for the period (note 3)	Ending balance (note 4 and 5)	Actual amount provided (note 5)	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-	Reason for financing	Allowance for expected credit losses	Collateral		Limits of financing amount for individual counter-	Limit of total financing amount
													Item	Value		
1	Best Alpha Investments Limited	Young Optics (BD) LTD.	Other receivables-related parties	Yes	$32,215 (USD 1,000,000)	$30,710 (USD 1,000,000)	$30,710 (USD 1,000,000)	-	The need for short-term financing	-	Business turnover	-	-	-	$533,137 (Note1)	$533,137 (Note1)

Note 1: Best Alpha Investments Limited provided financing to the foreign subsudiaries whose shares are 100% owned by Young Optics Inc.. Limit of total financing amount for individual counter-party should not exceed Best Alpha's net worth or 40% of Young Optics' net worth from the latest financial statement.

Note 2: Net worth was based on the latest audited financial statements by Certified Public Accountant.

Note 3: The initial currency amount transferred from the maximum balance multifield with the foreign exchange rate in month end.

Note 4: Iinitial limit in foreign currency valid till December 31, 2022 for financing provided to others.

Note 5: Initial amount in foreign currency transferred from foreign exchange rate on December 31, 2022.

Note 6: The parent company mentioned is Young Optics Inc..

Attachment 2: Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2022

in RMB

Held company name	Marketable securities type and name	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal				December 31, 2022	
					Units/Shares	Amount	Units/Shares	Amount	Units/Shares	Selling Price	Carrying amount	Gain (loss) from disposal (note)	Units/Shares	Amount
Young Optics (Kunshan) Co., Ltd.	Structural deposits	Financial assets at amortized cost-current	Jiangsu Kunshan Rural Commercial Bank	-	-	-	-	RMB 130,000,000	-	-	RMB 130,000,000	RMB 944,405	-	-
Young Optics (Kunshan) Co., Ltd.	Structural deposits	Financial assets at amortized cost-current	China Citic Bank Corporation Limited	-	-	-	-	RMB 120,000,000	-	-	RMB 120,000,000	RMB 741,544	-	-
Young Optics (Kunshan) Co., Ltd.	Structural deposits	Financial assets at amortized cost-current	Jiangsu Kunshan Rural Commercial Bank	-	-	-	-	RMB 130,000,000	-	-	RMB 130,000,000	RMB 943,215	-	-

Note: To be recognized in interest income.

Attachment 3: Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of capital stock for the year ended December 31, 2022

in thousand of NTD

Company name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and Trade receivables (payables)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivable (payable)	
Young Optics Inc.	Young Optics (Kunshan) Co., Ltd.	Subsidiary	Purchases	$1,872,564	60.54%	90 days	-	-	$(409,850)	(68.55%)	
	Rays Optics Inc.	Subsidiary	Sales	462,507	9.83%	30 days	-	-	121,431	21.20%	
	Young Optics (BD) LTD.	Subsidiary	Purchases	184,071	5.95%	30 days	-	-	(1,077)	(0.18%)	
	Coretronic Projection (Kunshan) Co., Ltd	the ultimated parent company same as the Group	Sales	1,339,160	28.47%	90 days	-	-	63,072	11.01%	（Note）
Young Optics (Kunshan) Co., Ltd.	Coretronic Projection (Kunshan) Co., Ltd	the ultimated parent company same as the Group	Purchases	653,255	34.98%	90 days	-	-	(32,198)	(31.17%)	（Note）
	Coretronic Optics (Kunshan) Corporation	the ultimated parent company same as the Group	Sales	362,143	15.30%	90 days	-	-	73,375	14.89%	
	Young Optics (Suzhou) CO., LTD.	Associate	Sales	100,887	4.27%	60 days	-	-	12,640	2.56%	

Note: All transactions among Young Optics Inc., Young Optics (Kunshan) Co., Ltd. and Coretronic Projection (Kunshan) Co., Ltd were present as gross amounts, and the percentage of total receivables (payables) were calculated accordingly. Related payables and receivables also included other payables and other receivables.

Attachment 4: Receivables from related parties with amount exceeding the lower of NT$100 million or 20 percentage of capital stock as of December 31, 2022

in thousand of NTD

Company name	Counter-party	Relationship	Trade receivables-related parties balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for expected credit losses	Note
					Amount	Collection status			
Young Optics Inc.	Ray Optics Inc.	Subsidiary	121,431	5.48	-	-	-	-	
Young Optics (Kunshan) Co., Ltd.	Young Optics Inc.	Subsidiary	409,850	4.17	-	-	-	-	
Grace China Investments Limited	Young Optics (BD) LTD.	Subsidiary	289,440 (Note)	-	-	-	-	-	

Note: Includes other receivables.

Attachment 5: Financial instrument and derivative transaction as of December 31, 2022

in thousand of NTD / USD

Investment company	Financial statement account	Financial product	Type	Contract expiry date	Contract amount	Book value	Fair value	Note
Young Optics (Kunshan) Co., Ltd.	Current financial asset at fair value through profit or loss	Forward foreign exchange contract	Selling USD	March, 2023	USD 2,000,000	196	196	

Note: Young Optics (Kunshan) Co., Ltd. entered into foreign exchange contracts and realized a loss amounting to NT$4,779 thousands for the year ended December 31, 2022.

Attachment 6: Significant intercompany transactions between consolidated entites.

in thousand of NTD

No.	Related party	Counter-party	Transactions			
			Accounts	Amount	Term	Percentage of consolidated operating revenues or consolidated total assets
0	Young Optics Inc.	Ray Optics Inc.	Sales	$462,507	Collection term : 30 days	9.88%
			Trade receivables-related parties	121,431		2.18%
			Other receivables-related parties	3,014	-	0.05%
			Other payables-related parties	19	-	0.00%
		Young Optics (Suzhou) CO., LTD.	Sales	67,903	Collection term : 60 days	1.45%
			Trade receivables-related parties	420		0.01%
			Purchases	49,883	Payment term : 60 days	1.07%
		Mejiro Genossen Inc.	Sales	9,140	Collection term : 90 days	0.20%
			Trade receivables-related parties	645		0.01%
			Purchasess	6,146	Payment term : 30 days	0.13%
			Account payable-related parties	144		0.00%
			Other payables-related parties	685	-	0.01%
			Manufacturing expense	194	-	0.00%
			Operating expense	4,632	-	0.10%
		Young Optics (Kunshan) Co., Ltd.	Sales	15,737	Collection term : 60 days	0.34%
			Purchases	1,872,564	Payment term : 90 days	39.98%
			Account payable-related parties	409,850		7.36%
			Other payables-related parties	8,236	-	0.15%
			Other cost	8,236	-	0.18%
			Sale on fixed assets	22	-	0.00%
		Young Optics (BD) LTD.	Sales	3,031	Collection term : 60 days	0.06%
			Trade receivables-related parties	60,952		1.10%
			Other receivables-related parties	8,096	-	0.15%
			Purchases	184,071	Payment term : 30 days	3.93%
			Account payable-related parties	1,077		0.02%
			Sale on fixed assets	915	-	0.02%
		Grace China Investments Limited	Purchases	56	Payment term : 60 days	0.00%
1	Young Optics (Kunshan) Co., Ltd.	Young Optics (Suzhou) CO., LTD.	Sales	100,887	Collection term : 60 days	2.15%
			Trade receivables-related parties	12,640		0.23%
			Purchases	314	Payment term : 60 days	0.01%
		Young Optics (BD) LTD.	Sales	10,224	Collection term : 60 days	0.22%
			Trade receivables-related parties	458		0.01%
			Purchases	50,620	Payment term : 60 days	1.08%
			Prepayments	2,798	-	0.05%
		Grace China Investments Limited	Purchases	496	Payment term : 60 days	0.01%
2	Young Optics (BD) LTD.	Mejiro Genossen Inc.	Purchases	770	Payment term: 30 days	0.02%
			Account payable-related parties	8		0.00%
			Manufacturing expense	15	-	0.00%
		Grace China Investments Limited	Sales	529	Collection term: 60 days	0.01%
			Account payable-related parties	154,408	Payment term: 60 days	2.77%
			Other payables-related parties	135,032	-	2.43%
		Best Alpha Investments Limited	Financial cost	186	-	0.00%
			Other payables-related parties	30,710	-	0.55%

Attachment 7: Names, locations and related information of investee companies as of December 31, 2022 (Not including investment in Mainland China)

in thousand of NTD / USD / EUR / JPY

Investor company	Investee company	Address	Main business and products	Initial investment		Investment as of December 31, 2022			Net income (loss) of investee company (note 1)	Investment income (loss) recognized (note 1)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount (note 1)			
Young Optics Inc.	Masterview Enterprises Limited	B.V.I	Holding company	USD 6,000,000	USD 6,000,000	6,000,000	100%	$1,649,592	$(86,770)	$(86,770)	Subsidiary
	Ray Optics Inc.	Taiwan	Manufacture and selling of optics instruments and components	$298,140	$298,140	9,250,000	92.5%	$125,494	$21,842	$20,204	Subsidiary
	Mejiro Genossen Inc.	Japan	Researching, developing, manufacturing and selling of optics machines	JPY 161,200,908	JPY 161,200,908	4,950	99.0%	$43,980	$8,440	$7,990	Subsidiary
Masterview Enterprises Limited	Grace China Investments Limited	Cayman islands	Holding company	USD 8,156,458	USD 8,156,458	8,156,458	100%	USD 37,733,226	(USD 1,210,420)	-	Subsidiary
	Best Alpha Investments Limited	Samoa islands	Holding company	USD 1,000,000	USD 1,000,000	1,000,000	100%	USD 16,818,680	(USD 58,787)	-	Subsidiary
	Young Optics (BD) LTD.	Bangladesh	Manufacturing of optics components	USD 12,000,000 note 2	USD 12,000,000	10,089,436	80.0%	(USD 866,231)	(USD 2,197,147)	-	Subsidiary
	Young Optics Europe GmbH	Germany	Manufacturing and selling of 3D printer	note 3	EUR 18,750	-	-	-	-	-	-
Grace China Investments Limited	Young Optics (BD) LTD.	Bangladesh	Manufacturing of optics components	USD 3,000,000	USD 3,000,000	2,479,960	20.0%	(USD 216,558)	(USD 2,197,147)	-	Subsidiary

Note 1: It has been included in gain or loss in investment to subsidiary and second tier subsidiary for the recognition on gain or loss to those parties.

Note 2: Young Optics (BD) LTD. has completed the capital increase process in March 2022.

Note 3: The group had disposed investment of Young Optics Europe GmbH and completed registration in the first half year of 2022.

Attachment 8: Investment in Mainland China as of December 31, 2022

in thousand of NTD / USD / RMB

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note 1)	Carrying value as of December 31, 2022 (Note 1)	Accumulated inward remittance of earnings as of December 31, 2022
					Outflow	Inflow						
Young Optics (Kunshan) Co., Ltd.	Design, development and production of color wheels, lens set, filter and other related optical components and the above products, instruments and equipments, digital projection TVs in addition to their related modules, solid-state light sources, digital projection game machines, precision digital on-line measurement instruments and assembly to adjustment equipments, various products and components for image extraction and display; sales of home-made products and offer the following service in warranty;The Company is engaged in the production of similar products and raw materials for wholesale, trade on import and export business.	$440,619 (USD 12,200,000) (Note 4,5 and 13)	Indirect investment from the third region (Best Alpha and Grace China)	$164,450 (USD 5,000,000)	$-	$-	$164,450 (USD 5,000,000)	$(31,490) (-USD 1,079,465)	100.00%	$(31,490) (-USD 1,079,465)	$967,903 (USD 31,517,535)	$74,505 (USD 2,457,289) (Note2 and Note10~Note11)
Young Optics (Suzhou) CO., LTD.	Research and development, manufacture and maintenance of optical engines and related optoelectronic components, optical components, color wheel, integration column, projector lens, lens, lens barrel, LCD TV, equal ion TVs, optical rear projection TVs and other phase-capable high image digital TV (flat panel and optical HDTV), colorful video projectors, related new optoelectronic and optical components in related products, various imaging extracted and display optical parts and products, sales on products manufactured by the company and provide related services in warranty. Engaged in the sale of similar products manufactured by the company and its raw materials, optical equipments, and related testing equipment for wholesale, and its import and export business.	33,951 (USD 1,000,000)	Indirect investment from the third region (Best Alpha)	33,951 (USD 1,000,000)	-	-	33,951 (USD 1,000,000)	5,486 (USD 200,320)	100.00%	5,486 (USD 200,320)	246,350 (USD 8,021,803)	1,328,957 (USD 31,295,415 and RMB 80,635,502) (Note2、Note6~Note9 and Note12)

Accumulated investment in Mainland China as of December 31, 2022 (Note2)	Investment amounts authorized by Investment Commission, MOEA (Note2)	Upper limit on investment
$198,401 (USD 6,000,000)	$233,101 (USD 7,020,000)	Note3

Note1: The investmens were fully consolidated in accordance with the Regulations.

Note2: To use historical currency rates.

Note3: Young Optics Inc. has optained the certificate of being qualified for operating headquarters issued by Industrial Development Bureau, MOEA in June 2018; therefore the upper limit on investment in Mainland China pursuant to "Principal of Investment or Technical Cooperation in Mainland China" is not applicable.

Note4: Young Optics (Kunshan) Co., Ltd. invested USD 9,800,000 through capitalization of earnings in 2007. Best Alpha Investments Limited invested USD 2,300,000.

Note5: Young Optics (Kunshan) Co., Ltd. invested USD 1,300,000 through capitalization of earnings in April 2009. Grace China Investments Limited invested USD 824,850. Best Alpha Investments Limited invested USD 2,975,150.

Note6: Best Alpha Investments Limited received cash dividends amounting to USD 20,235,299 for distribution profits from Young Optics (Suzhou) CO., LTD. in 2011 and had remitted it back to Young Optics Inc..

Note7: Best Alpha Investments Limited received cash dividends amounting to RMB 27,691,452 and USD 4,509,641 for distribution profits from Young Optics (Suzhou) CO., LTD. in 2014. The RMB 24,922,307 of them had remitted back to Young Optics Inc..

Note8: Best Alpha Investments Limited received cash dividends amounting to RMB 52,944,050 for distribution profits from Young Optics (Suzhou) CO., LTD. in 2015 and had remitted it back to Young Optics Inc..

Note9: Best Alpha Investments Limited received cash dividends amounting to USD 4,528,402 for distribution profits from Young Optics (Suzhou) CO., LTD. in 2017 and had remitted it back to Young Optics Inc..

Note10: Best Alpha Investments Limited received cash dividends amounting to USD 603,264 for distribution profits from Young Optics (Kunshan) Co., Ltd. in 2017 and had remitted it back to Young Optics Inc..

Note11: Grace China Investments Limited received cash dividends amounting to USD 1,854,025 for distribution profits from Young Optics (Kunshan) Co., Ltd. in 2017 and has remitted it back to Young Optics Inc..

Note12: Best Alpha Investments Limited received cash dividends amounting to USD 6,531,714 for distribution profits from Young Optics (Suzhou) CO., LTD. in 2018 and has remitted it back to Young Optics Inc..

Note13: Young Optics (Kunshan) Co., Ltd. conducted capital reduction amounting to USD 10,000,000 in December 2020.

Attachment 9: The information of Major shareholders as of December 31, 2022

shares/percentage

Shares / Name	Number of shares (Units/shares)	Percentage of ownership(%)
Coretronic Corporation	37,957,586	33.27%
Jiang, Yu-Lian	10,605,499	9.29%
Chen, DA-Yu	5,995,331	5.25%

Note 1: Major shareholders who had been delivered paperless shares in common and preferred stocks calculated by TDCC upper to 5% in aggregate on last business day quarterly. There are variances due to the basis of calculation in registered shares of financial report compared to paperless shares to be delivered actually.

Note 2: The above mentioned information disclosed separately per agents behalf of his principals in specific account if it attributed to shares committed to be delivered to As to the declaration of shares held over 10% by shareholders according to Securities and Exchange Act, the shares to be held includes shares owned by himself plus to the shares delivered to trust and the shares to be owned for the discretion to manage the trust property. With regard to information in declaration of shares for insiders, please refer to the website at https://mops.twse.com.tw/mops/web/index.

Note 3: The sheet was prepared in accordance with the allocation calculated by separate balance on credit transactions in the shareholders list of shares (not buy to cover on short squeeze) to be held on the date of stop to transfer in extraordinary meeting of shareholders.

Note 4:The percentage of ownership = total shares held by shareholders separately / total shares to be completed the delivery on paperless

Note 5:Total shares to be completed the delivery on paperless (including of Treasury Stocks) are 114,059,785 shares =114,059,785 shares (Common Stocks) + 0 share (Preferred Stock)

Young Optics Inc.

1. Statement of Cash and Cash Equivalents

As of December 31, 2022

(Amounts in thousands of New Taiwan Dollars, except for foreign currency)

Item	Description	Amount	Note
Bank Deposits			2022.12.31Exchange rate :
Checking deposits		$1,033	1USD=30.71NTD
Saving deposits		15,915	1JPY=0.2324NTD
Foreign currency deposits	USD 9,652 thousand	301,585	1RMB=4.4094NTD
	JPY 19,471 thousand		1EUR=32.72NTD
	RMB 55 thousand		1AUD=20.83NTD
	EUR 1 thousand		1CHF=33.205NTD
	AUD 1 thousand		
	CHF 11 thousand		
Cash equivalents - repurchase agreements		139,000	
Total		$457,533	

Young Optics Inc.

2. Statement of Trade Receivables

As of December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Client	Description	Amount	Note
LG Electronics Inc.		$67,705	
Cloud Network Technology SingaporePte.Ltd		57,735	
HASCO VISION TECHNOLOGY CO., LTD.		23,317	
EnvisionTEC, Inc.		21,172	
Others		169,070	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		338,999	
Less: Allowance for doubtful accounts		(63)	
Total		$338,936	

Young Optics Inc.

3. Statement of Other Receivables

As of December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Tax Refund	VAT	$5,685	
Rent receivable		3,015	
Payments on behalf of others of utility		632	
Others		2,650	
Total		$11,982	

Young Optics Inc.

4. Statement of Inventories, net

As of December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Items	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials		$295,167	$312,789	It had enough recognized on allowance for market value decline and obsolete and slow-moving inventories
Work in process		65,201	66,867	
Finished goods		87,043	121,022	
Total		447,411	$500,678	
Less: allowance for market value decline and obsolete and slow-moving inventories		(97,774)		
Net amount		$349,637		

Young Optics Inc.

5. Statement of Prepayments

As of December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Maintenance expenses for use		$3,913	
Prepayment for purchases		4,139	
Prepayment of patent		3,626	
Expense on academic-industry cooperation		1,500	
Others		4,675	
Total		$17,853	

Young Optics Inc.

6. Statement of Other Current Assets

As of December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Deferred mold modules		$20,861	
Temporary payments		63,252	
Others		5,074	
Total		$89,187	

Young Optics Inc.

7. Statement of Changed In Investments Accounted For Using The Equity Method

For the year ended December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Investee Company	Beginning Balance		Acquisition		Disposal		Investment Income (Loss)	Exchange differences on translation of foreign operations	Ending Balance			Net Asset Value/Fair Value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Holding Ratio	Amount	Unit Price	Total Amount		
Masterview Enterprises Limited	6,000,000	$1,672,822	-	$-	-	$-	$(86,770)	$63,540	6,000,000	100.00%	$1,649,592	$ 274.93	$1,649,592	None	
Rays Optics Inc.	9,250,000	105,290	-	-	-	-	20,204	-	9,250,000	92.50%	125,494	13.57	125,494	None	
Mejiro Genossen Inc.	4,950	37,097	-	-	-	-	7,990	(1,107)	4,950	99.00%	43,980	8,884.85	43,980	None	
Realized (unrealized) gross profit on sales		(15,685)		13,781		-	-	-			(1,904)				
Unrealized gain on disposal of intangible assets		(8,598)		-		(920)	-	-			(7,678)				
Total		$1,790,926		$13,781		$(920)	$(58,576)	$62,433			$1,809,484				

Young Optics Inc.

8. Statement of Property, Plant and Equipment, Investment Property, net, Intangible Assets and Other Non-current Assets

As of December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Property, plant and equipment, net		$1,659,109	Please refer to Note 6(6) of the notes to the financial statement
Investment property,net		$144,231	Please refer to Note 6(7) of the notes to the financial statement
Intangible assets		$88,809	Please refer to Note 6(8) of the notes to the financial statement
Deferred tax assets		$27,342	
Refundable deposits	Deposits for Car-rental, dormitory, Custom	$2,139	
Net defined benefit assets-noncurrent		$20,448	Please refer to Note 6(11) of the notes to the financial statement
Other non-current financial assets	Pledges in Custom and Deposits for Land in Lease	$21,878	Please refer to Note 8 of the notes to the financial statement
Other non-current assets, others		$3,393	

Young Optics Inc.

9. Statement of Right-Of-Use Assets

For the year ended December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Item	Beginning Balance	Additions	Disposals	Reclassification	Ending balance	Note	
Cost							
Land	$363,498	$1,436	$-	$-	$364,934		
Transportation equipment	2,539	-	-	-	2,539		
Total	366,037	1,436	-	-	367,473		
						Depreciation：	
Depreciation							
Land	50,137	16,765	-	-	66,902	Operating Cost	$9,880
Transportation equipment	212	846	-	-	1,058	Selling expenses	526
Total	50,349	17,611	-	-	67,960	General and administrative expenses	4,986
						Research and development expenses	2,219
Carrying amounts	$315,688	$(16,175)	$-	$-	$299,513	Total	$17,611

Young Optics Inc.

10. Statement of Long-term Borrowings and Short-term Borrowings

As of December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Type	Description	Amount	Contract Period	Interest Rate	Loan Commitments	Collateral	Note
Short-term unsecured bank loans		$45,000	111.03.30~112.03.30	1.75%	$2,020,000	None	
Long-term secured bank loans	FIRST COMMERCIAL BANK CO., LTD.	599,900	108.09.20~113.09.20	1.73%	599,900	Buildings (includes Investment Property)	
	HUA NAN COMMERCIAL BANK	225,714	108.10.25~113.10.25	1.53%~1.55%	225,714		
	Less: Long-term borrowings - current portion	(412,807)					
	Total	$ 457,807			$ 2,845,614		

Young Optics Inc.

11. Statement of Accounts Payable

As of December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Supplier	Description	Amount	Note
Shangrao X&Z Optical Technology Co., Ltd.		$47,605	
XGIMI Co.,Ltd.		20,643	
Ginlee Corporation		17,305	
Others		114,832	The amount of individual item in others does not exceed 5% of the account balance.
		$200,385	

Young Optics Inc.

12.Statement of Other Payables and Provisions-current

As of December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other Payables			
Accrued salaries and bonuses		$239,122	
Accrued consumable materials and mold modules		78,099	
Others		31,895	The amount of individual item in others does not exceed 5% of the account balance.
Total		$349,116	
Provisions-current			
Maintenance warranties		$26,329	

Young Optics Inc.

13.Statement of Lease Liabilities

As of December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rate	Amount	Note
Land		99/08/23~129/09/30	2.050%	$ 309,581	
Transportation equipment		110/09/24~113/09/23	1.067%	1,419	
				311,000	
Less: Current portion				(15,457)	
Lease liabilities, noncurrent				$ 295,543	

Young Optics Inc.

14.Statement of Contract liabilities-current and Other current liabilities-others

As of December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Contract liabilities-current	Advance receipts	$66,724	
Other current liabilities-others			
Receipts under custody	Withholding income tax, labor and health insurance	$8,035	
Provisions-current		1,548	
Temporary receipts		3,817	
Total		$13,400	

Young Optics Inc.

15.Statement of Non-current Liabilities

As of December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Deferred tax liabilities		$23,927	
Guarantee deposits	Lease execution deposits	$5,147	

Young Optics Inc.

16.Statement of Net Sales

For the year ended December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Item	Units	Amount	Note
Component products	10,738,205 PCS	$950,378	
Optics machine products	1,798,608 PCS	3,394,276	
Others	1,227,698 PCS	324,583	
Net sales		$4,669,237	

Young Optics Inc.

17.Statement of Operating Costs

For the year ended December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Item	Amount	Note
Raw material, beginning of year	$343,284	
Add: raw material purchased	1,084,853	
Less: Raw material, end of year	(295,167)	
Retirement of inventories	(94,368)	
Others	73,863	
Raw material used	1,112,465	
Direct labor	190,581	
Manufacturing expenses	613,759	
Manufacturing costs	1,916,805	
Add: work in process, beginning of year	88,378	
Less: work in process, ending of year	(65,201)	
Others	(61,780)	
Cost of finished goods	1,878,202	
Add: finished goods, beginning of year	88,289	
Finished goods purchased	1,974,730	
Less: finished goods, ending of year	(87,043)	
Retirement of inventories	(81,252)	
Others	69,174	
Subtotal	3,842,100	
Add: others	56,086	
Less: others	(576)	
Total operating costs	$3,897,610	

Young Optic Inc.

18.Statement of Manufacturing Expenses

For the year ended December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Payroll expenses		$220,711	
Depreciation		156,208	
Utility and gas expenses		53,174	
Consumable materials		46,972	
Others		136,694	The amount of individual item in others does not exceed 5% of the account balance.
Total		$613,759	

Young Optic Inc.

19.Statement of Selling Expenses

For the year ended December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Payroll expenses		$57,425	
Freight		11,605	
Insurance expenses		5,334	
Others		28,701	The amount of individual item in others does not exceed 5% of the account balance.
Total		$103,065	

Young Optics Inc.

20.Statement of General and Administrative Expenses

For the year ended December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Payroll expenses		$103,014	
Depreciation		23,681	
Insurance expenses		9,668	
Others		32,552	The amount of individual item in others does not exceed 5% of the account balance.
Total		$168,915	

Young Optics Inc.

21.Statement of Research and Development Expenses

For the year ended December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Payroll expenses		$195,850	
Testing and maintenance fees		37,677	
Depreciation		36,324	
Consumable materials		36,099	
Others		109,577	The amount of individual item in others does not exceed 5% of the account balance.
Total		$415,527	

Young Optics Inc.

22.Statement of Labor, Depreciation and Amortization by function

For the year ended December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Function / Items	Year ended December 31, 2022			Year ended December 31, 2021		
	Operating cost	Operating expenses	Total amount	Operating cost	Operating expenses	Total amount
Employee benefits expense	Please refer to Note 6(17) of the notes to the financial statement					
Salaries						
Labor and health insurance						
Pension						
Directors' remuneration						
Other employee benefits expense						
Depreciation						
Amortization						