Stock code: 6209

Kinko Optical Co., Ltd.

Financial statements
With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Kinko Optical Co., Ltd.:

Opinion

We have audited the financial statements of Kinko Optical Co., Ltd. (the "Company" which comprise the balance sheets as of December 31, 2022 and 2021, the statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

The key audit matter of the financial statements for the year ended December 31, 2022 is as follows:

Revenue Recognition

The main source of revenue of the Company is the revenue from the export of optical lenses and lenses, which are sold in various markets, including Mainland China and Southeast Asia, and the recognition of the revenue from the export of optical lenses and lenses is considered as the key audit item. For the accounting policies related to revenue recognition, please refer to Note IV to the individual financial statements.

The principal audit procedures that the Accountant has performed in respect of the above key audit items are as follows:

1. Understand and evaluate the design and implementation of internal controls related to audit and risk in the sales and collection cycle, and perform tests on their effectiveness.
2. Sampling from the self-selling goods details, reviewing the sales order and export declaration and other related documents, and checking whether the recipient is the same as the shipper.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Ting-Chien Su and Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 23, 2023

Notice to Readers

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

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

Kinko Optical Co., Ltd.
Balance Sheets
December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes IV and VI)	$ 117,338	2	$ 127,065	3
1110	Financial assets at fair value through profit or loss - current (Notes IV, VII and XXX)	6,077	-	910	-
1120	Financial assets at fair value through other comprehensive income - current (Notes IV and VIII)	71,490	1	44,367	1
1136	Financial assets measured at amortized cost - current (Notes IV, IX and XXX)	85,988	2	202,337	4
1150	Notes receivable (Notes IV and XXII)	-	-	122	-
1170	Accounts receivable-net from unrelated parties (Notes IV, X and XXII)	540,243	11	447,842	9
1200	Other receivables (Notes IV and XXIX)	6,538	-	7,278	-
1220	Current tax assets (Notes IV and XXIV)	665	-	504	-
1310	Inventories (Notes IV and XI)	192,503	4	204,860	4
1470	Other current assets (Note XVI)	9,152	-	8,079	-
11XX	Total current assets	1,029,994	20	1,043,364	21
	Non-current assets				
1535	Financial assets measured at amortized cost - non-current (Notes IV, IX and XXX)	74,513	2	41,520	1
1550	Investments accounted for using equity method (Notes IV and XII)	2,189,811	44	1,964,156	40
1600	Property, plant and equipment (Notes IV, XIII and XXX)	1,099,585	22	1,243,277	26
1755	Right-of-use assets (Notes IV and XIV)	52,718	1	52,617	1
1840	Deferred tax assets (Notes IV and XXIV)	260,604	5	252,021	5
1915	Prepayments for equipment	29,445	1	32,683	1
1981	Cash surrender value of life insurance (Note XV)	271,264	5	248,224	5
1990	Other non-current assets (Note IV, XVI and XX)	19,495	-	1,733	-
15XX	Total non-current assets	3,997,435	80	3,836,231	79
1XXX	**Total assets**	**$ 5,027,429**	**100**	**$ 4,879,595**	**100**
Code	**Liabilities and equity**				
	Current liabilities				
2102	Short-term borrowings (Notes XVII and XXX)	$ 59,298	1	$ 14,298	-
2120	Financial liabilities at fair value through profit or loss - current (Notes IV and VII)	-	-	2,727	-
2150	Notes payable	5,954	-	8,338	-
2170	Accounts payable - unrelated parties	181,612	4	172,895	4
2180	Accounts payable - related parties (Note XXIX)	740,092	15	688,289	14
2219	Other payables (Note XVIII)	137,826	3	120,194	2
2280	Lease liabilities - current (Notes IV and XIV)	5,439	-	5,007	-
2322	Long-term borrowings-current portion (Notes XVII and XXX)	74,541	1	46,136	1
2399	Other current liabilities (Note XXIX)	62,454	1	30,888	1
21XX	Total current liabilities	1,267,216	25	1,088,772	22
	Non-current liabilities				
2530	Bonds payable (Notes IV, XIX and XXX)	344,923	7	341,823	7
2541	Long-term borrowings (Notes XVII and XXX)	130,518	3	206,448	5
2570	Deferred tax liabilities (Notes IV and XXIV)	4,566	-	3,248	-
2580	Lease liabilities - non-current (Notes IV and XIV)	50,138	1	50,616	1
2640	Net defined benefit liabilities - non-current (Notes IV and XX)	-	-	420	-
25XX	Total non-current liabilities	530,145	11	602,555	13
2XXX	**Total liabilities**	1,797,361	36	1,691,327	35
	Equity				
3110	Ordinary shares	1,742,286	35	1,741,469	36
3200	Capital surplus	955,693	19	1,039,811	21
	Retained earnings				
3310	Legal reserve	406,988	8	439,549	9
3320	Special reserve	189,257	4	193,326	4
3350	Undistributed earnings (loss to be covered)	73,286	1	(36,630)	(1)
3400	Other equity	(137,442)	(3)	(189,257)	(4)
3XXX	**Total equity**	3,230,068	64	3,188,268	65
	Liabilities and total equity	**$ 5,027,429**	**100**	**$ 4,879,595**	**100**

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

Kinko Optical Co., Ltd.
Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except Earnings (loss) Per Share)

Code		2022 Amount	2022 %	2021 Amount	2021 %
4000	**Operating revenues** (Notes IV, XXII and XXIX)	$ 1,947,322	100	$ 1,940,196	100
5000	**Operating costs** (Notes XI, XX, XXIII and XXIX)	1,841,781	95	1,943,468	100
5900	**Operating gross profit (gross loss)**	105,541	5	(3,272)	-
5910	Unrealized profits on sales (Note IV)	(200)	-	(290)	-
5920	Realized profits on sales (Note IV)	290	-	475	-
5950	**Realized operating gross profit (gross loss)**	105,631	5	(3,087)	-
	Operating expenses (Notes XX and XXIII)				
6100	Selling and marketing expenses	41,771	2	33,662	2
6200	General and administrative expenses	113,726	6	108,394	6
6300	Research and development expenses	117,117	6	121,686	6
6000	Total operating expenses	272,614	14	263,742	14
6900	**Operating loss**	(166,983)	(9)	(266,829)	(14)
	Non-operating income and expenses				
7010	Other income (Notes XXIX)	5,296	-	14,247	1
7020	Other gains and losses (Notes IV and XXIII)	51,358	3	7,948	-
7050	Finance costs (Notes IV and XXIII)	(7,269)	-	(8,886)	-
7070	Share of profit or loss of subsidiaries recognized using the equity method (Note IV)	156,895	8	38,312	2
7100	Interest income (Note IV)	2,360	-	744	-
7000	Total non-operating revenues and expenses	208,640	11	52,365	3

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Code		2022 Amount	2022 %	2021 Amount	2021 %
7900	**Profit (loss) before income tax**	$ 41,657	2	($ 214,464)	(11)
7950	Income tax profits (Notes IV and XXIV)	23,287	1	64,000	3
8200	**Profit (loss) for the period**	64,944	3	(150,464)	(8)
	Other comprehensive income (Note IV)				
8310	**Items not reclassified to profit or loss:**				
8311	Remeasurement of defined benefit plans	8,342	-	1,514	-
8316	Unrealized evaluation (losses) gains on investments in equity instruments measured at fair value through other comprehensive income	(85)	-	12,750	1
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of financial statements of foreign operating institutions	54,935	3	(8,684)	-
8367	Unrealized evaluation (losses) gains on investments in debt instruments measured at fair value through other comprehensive income	(3,035)	-	-	-
8300	**Other comprehensive income for the period (net of tax)**	60,157	3	5,580	1
8500	**Total comprehensive income (loss) for the period**	**$ 125,101**	**6**	**($ 144,884)**	**(7)**
	Earnings (loss) per share (NT Dollars) (Note XXV)				
9750	Basic	**$ 0.37**		**($ 0.91)**	
9850	Diluted	**$ 0.37**		**($ 0.91)**	

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

Kinko Optical Co., Ltd.
Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Code				Retained earnings (Note XXI)			Other equity (Note IV)		
		Ordinary shares (Note XXI)	Capital surplus (Notes IV, XXI and XXVI)	Legal reserve	Special reserve	Undistributed earnings (loss to be covered) (Note XX)	Exchange differences on translation of financial statements of foreign operating institutions	Unrealized evaluation profit (loss) on financial assets measured at fair value through other comprehensive income	Total equity
A1	**Balance on January 1, 2021**	$ 1,631,469	$ 809,598	$ 439,549	$ 178,709	$ 126,937	($ 188,995)	($ 4,328)	$ 2,992,939
	Appropriation and distribution of retained earnings for 2020								
B3	Special reserve	-	-	-	14,617	(14,617)	-	-	-
N1	Share-based payment transactions	-	18,305	-	-	-	-	-	18,305
C5	Issue of convertible corporate bonds with recognized equity components	-	57,908	-	-	-	-	-	57,908
E1	Capital increase in cash - September 30, 2021	110,000	154,000	-	-	-	-	-	264,000
D1	Net loss for the period	-	-	-	-	(150,464)	-	-	(150,464)
D3	Other comprehensive income for the period	-	-	-	-	1,514	(8,684)	12,750	5,580
D5	Total comprehensive income for the period	-	-	-	-	(148,950)	(8,684)	12,750	(144,884)
Z1	**Balance on December 31, 2021**	**1,741,469**	**1,039,811**	**439,549**	**193,326**	**(36,630)**	**(197,679)**	**8,422**	**3,188,268**
	Appropriation and distribution of retained earnings for 2021								
B3	Reversal of special reserve	-	-	-	(4,069)	4,069	-	-	-
B13	Legal reserve to cover the deficit	-	-	(32,561)	-	32,561	-	-	-
C15	Cash dividends allotted from capital surplus	-	(87,114)	-	-	-	-	-	(87,114)
C17	Other capital surplus movements	-	18	-	-	-	-	-	18
N1	Share-based payment transactions	-	1,499	-	-	-	-	-	1,499
N1	Employee exercise of stock options	817	1,479	-	-	-	-	-	2,296
D1	Net profit for the period	-	-	-	-	64,944	-	-	64,944
D3	Other comprehensive income for the period	-	-	-	-	8,342	54,935	(3,120)	60,157
D5	Total comprehensive income for the period	-	-	-	-	73,286	54,935	(3,120)	125,101
Z1	**Balance on December 31, 2022**	**$ 1,742,286**	**$ 955,693**	**$ 406,988**	**$ 189,257**	**$ 73,286**	**($ 142,744)**	**$ 5,302**	**$ 3,230,068**

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

Kinko Optical Co., Ltd.
Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Code		2022	2021
	Cash flows from operating activities		
A10000	**Net profit (loss) before income tax**	$ 41,657	($ 214,464)
	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	248,847	240,346
A20200	Amortization expense	388	-
A20400	Net loss (profit) on financial assets and liabilities at fair value through profit or loss	(41,570)	6,467
A20900	Finance costs	7,269	8,886
A21200	Interest income	(2,360)	(744)
A21300	Dividend income	(588)	(591)
A21900	Share-based compensation cost	1,499	18,305
A22400	Share of profit of subsidiaries recognized using the equity method	(156,895)	(38,312)
A22500	Loss (profit) on disposal of property, plant and equipment	1,544	(368)
A23800	Loss on decline in value of inventories and doubtful accounts (reversal of profit)	(5,023)	3,610
A24000	Realized profits on sales	(90)	(185)
A24100	Unrealized foreign currency exchange profits	(8,092)	(111,446)
A30000	Net changes in operating assets and liabilities		
A31115	Mandatory financial assets at fair value through profit or loss	33,676	-
A31130	Notes receivable	122	29
A31150	Accounts receivable	(97,164)	(2,900)
A31180	Other receivables	740	10,698
A31200	Inventories	17,380	(22,804)
A31240	Other current assets	(16,644)	(15,615)
A31990	Net defined benefit assets and liabilities	(6,746)	(6,915)
A32110	Financial liabilities held for trading	-	(10,407)
A32130	Notes payable	(2,384)	(9,340)
A32150	Accounts payable	49,456	(455,585)
A32180	Other payables	21,255	2,594
A32230	Other current liabilities	29,813	(37,635)
A33000	Cash inflows (outflows) from operations	116,090	(636,376)
A33100	Interest received	2,360	744
A33300	Interest paid	(4,169)	(7,709)
A33500	Income tax refunds	42	1,709
AAAA	**Net cash inflows (outflows) from operating activities**	114,323	(641,632)

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Code		2022	2021
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	($ 27,871)	$ -
B00040	Acquisition of financial assets measured at amortized cost	(198,155)	(320,585)
B00050	Disposal of financial asset price measured at amortized cost	304,810	432,000
B02400	Return of shares from capital reduction of subsidiaries	-	558,179
B02700	Acquisition of property, plant and equipment	(53,272)	(107,776)
B02800	Disposal of property, plant and equipment	-	2,660
B03700	Increase in refundable deposits	(1,044)	(526)
B03800	Decrease in refundable deposits	1,383	790
B04500	Acquisition of intangible assets	(926)	-
B07100	Increase in prepayments for equipment	(48,606)	(46,380)
B07600	Dividends received from subsidiaries and others	588	673
B09900	Payment of life insurance premiums	(7,469)	(27,156)
BBBB	**Net cash inflows (outflows) from investing activities**	(30,562)	491,879
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	99,297	358,895
C00200	Decrease in short-term borrowings	(54,297)	(763,492)
C01200	Issue of convertible corporate bonds	-	398,099
C01600	Borrowing long-term borrowings	-	12,364
C01700	Repayment of long-term borrowings	(47,525)	(99,241)
C04020	Lease principal repayment	(6,163)	(5,707)
C04500	Payment of cash dividends	(87,114)	-
C04600	Capital increase in cash	-	264,000
C04800	Employee exercise of stock options	2,296	-
C09900	Exercise of right of disgorgement	18	-
CCCC	**Net cash inflows (outflows) from financing activities**	(93,488)	164,918
EEEE	**Net increase (decrease) in cash and cash equivalents**	(9,727)	15,165
E00100	**Cash and cash equivalents at beginning of period**	127,065	111,900
E00200	**Cash and cash equivalents at end of period**	**$ 117,338**	**$ 127,065**

The accompanying notes are an integral part of these individual financial statements.

Kinko Optical Co., Ltd.

Notes to the Financial Statements

January 1 to December 31, 2022 and 2021

(In thousands of NTD and foreign currency, unless otherwise stated)

I Company history

Kinko Optical Co., Ltd. (hereinafter referred to as "the Company") was established in June 1980, with the main business items being domestic and foreign sales of various camera filters, camera lenses and special camera production designs, domestic and foreign manufacturers' product quotations, distribution business and import and export trade business.

In December 2002, the Company's shares were approved by the Securities and Futures Commission of the Ministry of Finance (now the Securities and Futures Bureau of the Financial Supervisory Commission (Taiwan)) to be listed and traded on the GreTai Securities Market, and in November 2004, the Company was approved by the Financial Supervisory Commission to be listed and traded on the Taiwan Stock Exchange Corporation (TSEC).

The financial statements are expressed in NTD, the functional currency of the Company.

II Approval date and procedures of the financial statements

This financial statements were approved by the Board of Directors on March 23, 2023.

III Application of new, amended and revised standards and interpretations

(I) First-time application of International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretation Committee (SIC) (hereinafter referred to as "IFRSs") endorsed and published by the Financial Supervisory Commission (hereinafter referred to as "FSC") are effective.

The application of the revised IFRSs approved by the FSC and issued into effect will not result in significant changes in the Company's accounting policies.

(II) The IFRSs endorsed by the FSC for application starting from 2023

Newly issued / amended / revised standards and interpretations	Effective Date Announced by IASB
Amendments to IAS 1, "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8, "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12, "Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction" (Note 1)	January 1, 2023 (Note 3)

Note 1: This amendment is applicable for annual reporting periods beginning after January 1, 2023.

Note 2: This amendment applies to changes in accounting estimates and changes in accounting policies that occur in annual reporting periods beginning after January 1, 2023.

Note 3: The amendment applies to transactions occurring after January 1, 2022, except for the recognition of deferred taxes on temporary differences between leases and decommissioning obligations as of January 1, 2022.

As of the date of adoption and issuance of this financial statements, the amendments to other standards and interpretations evaluated by the Company will not have a material impact on the financial position and financial performance.

(III) IFRSs issued by the International Accounting Standards Board (IASB) but not yet recognized and effective by the FSC

Newly issued / amended / revised standards and interpretations	Effective date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28: "Asset sales or investments between investors and their affiliated enterprises or joint ventures"	Uncertain
Amendments to IFRS 16: "Lease Liabilities in After-sales Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS.17	January 1, 2023
Amendment to IFRS 17: "Initial Application of IFRS 17 and IFRS 9- Comparative Information"	January 1, 2023
Amendment to IAS 1: "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendment to IAS 1: "Non-current Liabilities with Contractual Terms"	January 1, 2024

Note 1: Unless otherwise specified, the above newly issued / amended / revised standards and interpretations shall take effect during the annual reporting period starting from each such date.

Note 2: The seller and lessee shall retroactively apply the amendments to IFRS 16 for sale and leaseback transactions signed after the first application of IFRS 16.

As of the date of adoption and issuance of this financial statements, the Company continues to evaluate the effects of amendments to other standards and interpretations on the financial position and financial performance, and the relevant effects will be disclosed upon completion of the evaluation.

IV. Summary of significant accounting policies

(I) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

Except for financial instruments measured at fair value and net recognized benefit assets and liabilities recognized at the present value of defined benefit obligations less the fair value of planned assets, the financial statements is prepared on the historical cost basis.

The fair value measurement is divided into the level 1 to the level 3 according to the observability and importance of the related input values:

1. The level 1 input value: refers to the quoted price (unadjusted) of the same assets or liabilities that can be obtained on the measurement date in the active market.
2. The level 2 input value: refers to the observable input value of assets or liabilities directly (i.e. price) or indirectly (i.e. derived from price), in addition to the quoted price in Level 1.
3. The level 3 input value: refers to the unobservable input value of assets or liabilities.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and share of other comprehensive income of subsidiaries in these parent company only financial statements.

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted from being used to exchange or settle liabilities for more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities due for settlement within 12 months after the balance sheet date (even if long-term refinancing or rescheduling of payment agreements have

been completed between the balance sheet date and the issuance of financial reports, they are still current liabilities), and

3. Liabilities whose repayment terms cannot be unconditionally deferred until at least 12 months after the balance sheet date.

Those who are not-current assets or current liabilities mentioned above are classified as non-current assets or non-current liabilities.

(IV) Foreign currencies

When the Company prepares individual financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded in the functional currency based on the exchange rate on the transaction date.

Foreign currency monetary items are translated at the closing rate at each balance sheet date. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the year in which they occur.

The foreign currency non-monetary items measured at fair value are translated at the exchange rate on the date when the fair value is determined, and the resulting exchange differences are included in the profits and losses of the current year. However, if changes in fair value are recognized in other comprehensive income, the resulting exchange differences are included in other comprehensive income.

Foreign currency non-monetary items carried at historical cost are translated at the exchange rate at the date of the transaction and are not retranslated.

When preparing financial statements, the assets and liabilities of foreign operating institutions (including subsidiaries that operate in countries or use a currency different from that of the Company) are translated into New Taiwan dollars using the exchange rate at each balance sheet date. Income and expense items are translated at the average exchange rate for the year and the resulting exchange differences are included in other comprehensive income.

If the Company disposes of all the equity of a foreign operation, or disposes of part of the equity of a subsidiary of a foreign operation but loses control, all the accumulated exchange differences related to the foreign operation will be reclassified to profit or loss.

(V) Inventories

Inventories include raw materials, work in progress, finished products, and merchandise. Inventory is measured based on the lower of cost and net realizable value, and when comparing cost and net realizable value, it is based on individual items, except for similar types of inventory. Net realized value refers to the balance of the estimated selling price under normal circumstances, minus the estimated cost of investment until completion and the estimated cost of completing the sale. The calculation of inventory cost adopts the weighted average method.

(VI) Investment in subsidiaries

The Company adopts the equity method to treat investments in subsidiaries.

A subsidiary refers to an individual that the Company has control over.

Under the equity method, investments are initially recognized at cost, and the book amount after acquisition increases or decreases with the Company's share of

subsidiary profits and losses and other comprehensive income, as well as profit distribution. In addition, changes in other equity of subsidiaries that the Company may enjoy are recognized based on shareholding ratios.

When the changes of the Company's ownership interest in a subsidiary does not result in the loss of control, it is treated as an equity transaction. The difference between the book amount of the investment and the fair value of the consideration paid or received is directly recognized as equity.

When the loss share of the Company to a subsidiary is equal to or exceeds its equity in the subsidiary (including the book amount of equity method subsidiaries and other long-term equity that is essentially a component of the Company's net investment in the subsidiary), the loss shall continue to be recognized according to the shareholding ratio.

When evaluating impairment, the Company considers the cash generating units as a whole in the financial report and compares their recoverable amount with their book amount. If the recoverable amount of the asset increases in the future, the reversal of the impairment loss shall be recognized as an interest, provided that the book amount of the asset after the reversal of the impairment loss shall not exceed the book amount of the asset after deducting the amortized amount that shall be recognized if the impairment loss is not recognized. Impairment losses attributable to goodwill shall not be reversed in subsequent periods.

When control over a subsidiary is lost, the Company measures its remaining investment in the former subsidiary at the fair value on the date of loss of control. The difference between the fair value of the remaining investment and any disposal price and the investment book amount on the date of loss of control is included in the current year's profit and loss. In addition, all amounts recognized in other comprehensive income related to the subsidiary are accounted for on the same basis as the Company's direct disposal of related assets or liabilities.

Unrealized profits and losses from downstream transactions between the Company and its subsidiaries are eliminated in financial statements. The profits and losses arising from the counter current and side current transactions between the Company and its subsidiaries are only recognized in financial statements to the extent unrelated to the Company's equity in the subsidiaries.

(VII) Property, plant and equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation.

Property, plant and equipment under construction are recognized at cost. The cost includes professional service fees and borrowing costs that meet capitalization conditions. When these assets are completed and in their expected state of use, they are classified into appropriate categories of property, plant, and equipment, and depreciation begins to be recognized.

Except for self owned land that is not depreciated, other property, plant and equipment are depreciated separately for each significant part on a straight-line basis over their useful life. The Company shall review the estimated useful life, residual value, and depreciation method at least at the end of each year, and defer the impact of changes in applicable accounting estimates.

When property, plant and equipment are derecognized, the difference between the net disposal price and the book amount of the assets is recognized in profit or loss.

(VIII) Impairment of property, plant and equipment, and right-of-use assets

The Company assesses on each balance sheet date whether there are any signs that the assets of property, plant and equipment, and right-of-use may have been impaired. If any signs of impairment exist, estimate the recoverable amount of the asset. If it is impossible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Shared assets are allocated to the smallest group of cash generating units on a reasonable and consistent basis.

The recoverable amount is the higher of fair value less cost to sell and value in use. If the recoverable amount of an individual asset or cash generating unit is lower than its book amount, the book amount of the asset or cash generating unit shall be reduced to its recoverable amount, and the impairment loss shall be recognized in profit or loss.

When the impairment loss is subsequently reversed, the book amount of the asset or cash generating unit is increased to the revised recoverable amount, provided that the increased book amount does not exceed the book amount determined by the asset or cash generating unit if the impairment loss was not recognized in the previous year (minus depreciation). The reversal of impairment losses is recognized in profit or loss.

(IX) Financial instruments

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

When financial assets and financial liabilities are initially recognized, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus the transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized as profit or loss.

1. Financial assets
   The customary transactions of financial assets are recognized and derecognized in accounting on the trading day.

(1) Measurement type

The types of financial assets held by the Company are financial assets measured at amortized cost and debt instrument investment and equity instrument investment measured at fair value through other comprehensive income.

A. Financial assets measured at amortized cost

The Company's investment in financial assets is classified as financial assets measured at amortized cost if both of the following conditions are met:

a. Held under a certain business model with the purpose of holding financial assets to receive contractual cash flows; and
b. The contract terms generate cash flow for a specific date, which is entirely the interest on the payment of principal and outstanding principal amount.

Financial assets measured at amortized cost (including cash and equivalent cash, notes receivable measured at amortized cost, accounts receivable, other receivables, deposits, and other financial assets) are initially recognized and measured at the total book amount determined using the effective interest method minus the amortized cost of any impairment losses. Any foreign currency exchange profits or losses are recognized in profit or loss.

Except for the following two situations, interest revenue is calculated by multiplying the effective interest rate by the total book amount of financial assets:

a. Interest revenue on credit impaired financial assets acquired or created is calculated by multiplying the effective interest rate after credit adjustment by the amortized cost of the financial asset.
b. Financial assets that are not subject to credit impairment upon purchase or creation, but subsequently become subject to credit impairment, shall have interest revenue calculated by multiplying the effective interest rate by the amortized cost of the financial asset from the reporting period following the credit impairment.

Credit impairment financial assets mean that the issuer or debtor has experienced major financial difficulties, defaults, the debtor is likely to file for bankruptcy or other financial restructuring, or the active market of financial assets disappears due to financial difficulties.

Cash equivalents include time deposits that are highly liquid, can be converted into fixed cash at any time and have little risk of value change within 3 months from the date of acquisition, and are used to meet short-term cash commitments.

B. Debt instrument investment measured at fair value through other comprehensive income

The Company's investment debt instruments are classified as financial assets measured at fair value through other comprehensive income if they meet both of the following conditions:

a. Held under a certain business model, the purpose of which is to receive contractual cash flows and sell financial assets; and
b. The contract terms generate cash flow for a specific date, which is entirely the interest on the payment of principal and outstanding principal amount.

The debt instrument investment measured at fair value through other other comprehensive income is measured at fair value. The interest revenue, foreign currency exchange profits and losses, impairment losses or reversal benefits calculated by effective interest method in the changes in book amount are recognized in profits and losses, and the other changes are recognized in other comprehensive income, which are reclassified into profits and losses at the time of investment disposal.

C. Equity instrument investment measured at fair value through other comprehensive income

At the time of original recognition, the Company may make an irrevocable choice to measure the contingent consideration equity instrument investment not held for trading and not recognized by the acquirer of a business combination at fair value through other comprehensive income.

Equity instrument investments measured at fair value through other comprehensive income are measured at fair value, and subsequent changes in fair value are reported in other comprehensive income and accumulated in other equity. At the time of disposal of investment, accumulated profits and losses are directly transferred to reserved surplus and are not reclassified as profits and losses.

Dividends on equity instrument investments measured at fair value through other comprehensive income are recognized in profit or loss when the Company's right to receive payment is established, unless such dividends clearly represent the recovery of part of the investment cost.

(2) Impairment of financial assets

On each balance sheet date, the Company assesses the impairment losses of financial assets (including accounts receivable) measured at amortized cost and debt instrument investments measured at fair value through other comprehensive income based on expected credit losses.

Accounts receivable are recognized as allowance losses based on expected credit losses during their existence period. Other financial assets are first assessed to see whether the credit risk has increased

significantly since the original recognition. If it has not increased significantly, the allowance loss is recognized as the expected credit loss of 12 months. If it has increased significantly, the allowance loss is recognized as the expected credit loss during the duration.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12 month expected credit loss represents the expected credit loss generated by a financial instrument's possible default events within 12 months after the reporting date, while the expected credit loss during the term represents the expected credit loss generated by all possible default events of the financial instrument during the expected term.

For the purpose of internal credit risk management, without considering the collateral held, the Company determines that the following situations represent the default of financial assets:

A. Internal or external information indicates that the debtor has been unable to pay off its debts.
B. If the overdue period exceeds the average credit period, unless there is reasonable and verifiable information indicating that the delayed default benchmark is more appropriate.

The impairment loss of all financial assets is reduced by the allowance account, but the allowance loss of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income, and does not reduce its book amount.

(3) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets have lapsed or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

When financial assets measured at amortized cost are derecognized as a whole, the difference between their book amount and the consideration received is recognized in profit or loss. When the debt instrument investment measured at fair value through other consolidated profits or losses is derecognized as a whole, the difference between its book amount and the sum of the consideration received plus any accumulated profits or losses recognized in other comprehensive income is recognized in profit or loss. When the equity instrument investment measured at fair value through other comprehensive income is derecognized as a whole, the accumulated profits and losses are directly transferred to the reserved surplus and are not reclassified as profits and losses.

2. Financial liabilities

(1) Subsequent measurement
Except for the following situations, all financial liabilities are measured

at amortized cost using the effective interest method:
Financial liabilities measured at fair value through profit or loss are held for trading.

The financial liabilities held for trading are measured at fair value, and the profits or losses arising from the remeasurement are recognized in profit or loss.

Please refer to Note XXVIII for the method of determining the fair value.

(2) Derecognition of financial liabilities

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

3. Convertible corporate bonds

The composite financial instruments (convertible corporate bonds) issued by the Company are classified as financial liabilities and equity instruments based on the essence of the contract agreement and the definition of financial liabilities and equity instruments.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument and is measured at amortized cost using the effective interest method until the date of execution of the conversion or maturity. The components of liabilities that are embedded in non-equity derivatives are measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the fair value of the compound instrument as a whole less the fair value of the separately determined liability component, which is recognized in equity net of the income tax effect and is not subsequently measured. When the conversion right is exercised, the related liability component and the amount in equity will be transferred to equity and capital reserve - issue premium. If the conversion rights of convertible corporate bonds are not exercised on the maturity date, the amount recognized in equity will be transferred to capital reserve - issue premium.

Transaction costs related to the issuance of convertible corporate bonds are allocated to the liability (included in the book amount of the liability) and equity components (included in equity) of the instrument in proportion to the derivatives apportioned price.

4. Derivative financial instruments

The derivatives entered into by the Company are swap contracts to manage the Company's exchange rate risk.

Derivatives are initially recognized at fair value upon entering into derivative contracts and subsequently remeasured at fair value at the balance sheet date, with profits or losses arising from subsequent measurements recognized directly in profit or loss. When the fair value of the derivative is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

(X) Revenue recognition

After the Company identifies performance obligations in customer contracts, the transaction price is apportioned to each performance obligation and revenue is recognized when each performance obligation is satisfied.

Contracts in which the interval between the transfer of merchandise or services and the receipt of consideration is less than one year, the transaction price is not adjusted for significant financial components of the contract.

Revenue from merchandise sales, mainly from the sale of optical lenses and lenses, is recognized as revenue and accounts receivable when the customer obtains control over the committed assets.

In the process of material removal, the control over the ownership of processed products has not been transferred, so the revenue is not recognized in the process of material removal.

(XI) Lease

The Company assesses whether the contract is (or contains) leases at the contract inception date.

The Company is the lessee

Right-of-use assets and lease liabilities are recognized at the beginning of the lease, except for leases of low-value underlying assets using recognized exemptions and short-term leases, where lease payments are recognized as expenses on a straight-line basis over the lease term.

Right-of-use assets are measured initially at cost (consisting of the original measurement amount of the lease liability, lease payments made before the commencement date of the lease less lease incentives received, original direct cost and estimated cost of restoration of the subject asset) and subsequently at cost less accumulated depreciation and accumulated impairment losses, and the remeasurement of the lease liability is adjusted. Right-of-use assets are presented separately in the individual balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the beginning of the lease term to the earlier of the end of the useful life or the end of the lease term.

Lease liabilities are measured initially at the present value of lease payments (including fixed benefits). If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that interest rate If that

interest rate is not readily determinable, then the tenant's incremental borrowing interest rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is amortized over the lease term. If a change in the lease term results in a change in future lease payments, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the book amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Leasing liabilities are presented separately in the individual balance sheets.

(XII) Government Grants

Government grants are recognized when there is only reasonable assurance that the the Company will comply with the conditions attached to the government grants and that the grants will be received.

Government grants related to revenue are recognized as the reduction of related costs or other revenue on a systematic basis in the period in which the related costs for which they are intended to be reimbursed are recognized as expenses by the Company.

Government grants are recognized in profit or loss in the period in which they become receivable if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Company and have no future related costs.

(XIII) Employee benefit

1. Short-term employee benefit

   Short-term employee benefit are measured at the non-discounted amount expected to be paid.

2. Post-retirement benefits

   The defined contribution pension plan is an expense that recognizes the amount of pension benefits to be contributed during the employees' service period.

   The defined benefit cost (including service cost, net interest and remeasurement) of the defined benefit pension plan is actuarially determined using the projected unit benefit method. Service cost (including current service cost) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expense as incurred. Remeasurements (including actuarial profits and losses and return on plan assets, net of interest) are recognized in other comprehensive income and included in reserved surplus as incurred and are not reclassified to profit or loss in subsequent periods.

   The net defined benefit liability (asset) represents the deficit (remaining) of the defined benefit pension plan contribution. The net defined benefit asset may not exceed the present value of refunds of contributions from the plan or reductions in future contributions.

(XIV) Share-based payment agreement

Employee stock options granted to employees are recognized as expense on a straight-line basis over the vesting period based on the fair value of the equity instruments at the date of grant and the best estimate of the number of options expected to be vested, with a simultaneous adjustment to capital reserve - employee stock options. If the acquisition is made immediately on the date of grant, the full cost is recognized on the date of grant.

The Company revises the estimated number of employee stock options expected to be vested at each balance sheet date. If the original estimate is revised, the effect is recognized in profit or loss so that the accrued expenses reflect the revised estimate, with a corresponding adjustment to capital reserve - employee stock options.

(XV) Income tax

Income tax expense is the sum of current year income tax and deferred tax.

1. Current tax

   The Company determines the current income (loss) in accordance with the regulations enacted by the income tax reporting jurisdictions and calculates the income tax payable (recoverable) accordingly.

   Income tax on undistributed surplus calculated in accordance with the ROC Income Tax Act is recognized in the year when the shareholders meet to resolve the issue.

   Adjustments to income tax payable in prior years are included in the current year's income tax.

2. Deferred tax.

   Deferred tax is calculated on temporary differences arising between the book amounts of assets and liabilities and the tax basis of taxable income.

   Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the temporary differences and loss carryforwards can be utilized.

   Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

The book amount of deferred tax assets shall be reviewed on each balance sheet date, and the book amount shall be reduced for those who are no longer likely to have enough taxable income to recover all or part of their assets. Deferred tax assets that were not recognized as such are reviewed at each balance sheet date and the book amount is increased to the extent that it is probable that future taxable income will be available to recover all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the manner in which the Company expects to recover or settle the book amounts of its assets and liabilities at the balance sheet date.

3. Current and deferred tax for the year

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

V. Major sources of uncertainty in significant accounting judgments, estimates, and assumptions

The Company adopts accounting policies that require management to make judgments, estimates and assumptions that are based on historical experience and other related factors when the information is not readily available from other sources. Actual results may differ from estimates.

The Company considers the recent development of the novel coronavirus pneumonia outbreak and its possible impact on the economic environment as part of its consideration of cash flow projections, growth rates, discount rates, profitability and other related significant accounting estimates, and management will continue to review the estimates and underlying assumptions. If the revision of an estimate affects only the current year, it is recognized in the year of revision; if the revision of an accounting estimate affects both the current and future periods, it is recognized in the year of revision and the future period.

VI. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 70	$ 19
Bank checks and demand deposits	98,697	127,046
Cash equivalents (investments with original maturity of less than 3 months)		
Time deposit	18,571	-
	$ 117,338	**$ 127,065**

VII. Financial instruments measured at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial assets - current		
Mandatory measurement at fair value through profit or loss		
Derivative (not designated as hedge)		
- Swap contract	$ 6,077	$ -
- Redemption rights of convertible corporate bonds (Note XIX)	-	910
	$ 6,077	**$ 910**
Financial liability - current		
Held for trading		
Derivative (not designated as hedge)		
- Swap contract	**$ -**	**$ 2,727**

Swap contracts not subject to hedge accounting and not yet due at the balance sheet date are as follows:

Currency category	Expiration period	Contract amount
December 31, 2022		
USD to NTD	2023.1-2023.3	USD12,150/NTD365,583
December 31, 2021		
USD to NTD	2022.1.-2022.6	USD16,250/NTD452,031

The Company engages in swap transactions primarily for the purpose of hedging the risk of foreign currency assets and liabilities arising from fluctuations in exchange rates.

VIII. Financial assets at fair value through other comprehensive income - current

	December 31, 2022	December 31, 2021
Investments in equity instruments		
Common stocks of domestic		
TWSE/TPEx listed company		
Unique Opto-Electronics Co., Ltd. (Unique Company)	$ 43,789	$ 43,789
Mega Financial Holding Co., Ltd. (Mega Company)	493	578
Investments in debt instruments		
Foreign corporate bonds	27,208	-
	$ 71,490	**$ 44,367**

(I) Investments in equity instruments

The Company invests in the common stock of the above-mentioned companies for medium- to long-term strategic purposes and expects to make profits from its long-term investments. The Company's management believes that it would be inconsistent with the aforementioned long-term investment plan to include short-term fair value fluctuations of these investments in profit or loss, and has therefore elected to designate these investments as measured at fair value through other comprehensive income.

(II) Investments in debt instruments

In March 2022, the Company purchased foreign unsecured subordinated corporate bonds with a face value of US$ 1,000 thousand and the face interest rate of 1.75% and an effective interest rate of 2.05%.

The Company’s investment of the unsecured subordinated corporate bonds are debt instruments with the credit rating of investment grade or higher and are evaluated as low credit risk for impairment purposes.

The debt instruments do not have significant increase in credit risk that would result in the change in interest rates or terms since original recognition, and not significant recurring changes affecting the ability to meet obligations are expected, and therefore no credit losses are expected. The Company continuously tracks external rating information to monitor changes in credit risk and periodically reviews other information such as bond yield curves and material information about the debtor to assess whether there is a significant increase in expected credit losses over the life of the investment since original recognition.

IX. Financial assets measured at amortized cost

	December 31, 2022	December 31, 2021
Current		
Domestic investment		
Time deposits with original maturity of more than 3 months	**$ 85,988**	**$ 202,337**

	December 31, 2022	December 31, 2021
Non current		
Domestic investment		
Time deposits with original maturity of more than 3 months	**$ 74,513**	**$ 41,520**
Annual interest rate (%)		
Time deposit	0.001-4	0.001-0.25

For information on pledges of financial assets measured at amortized cost, please refer to Note XXX.

X. Accounts receivable - net amount of unrelated parties

	December 31, 2022	December 31, 2021
At amortized cost		
Gross carrying amount	$ 540,243	$ 447,842
Less: allowance for losses	-	-
	$ 540,243	**$ 447,842**

The average credit period for merchandise sales ranges by the Company from 60 to 145 days, and no interest is charged on accounts receivable. The Company's policy is to transact only with counterparties rated at or above the investment grade level, and to obtain adequate guarantees where necessary to mitigate the risk of financial loss arising from default. Credit rating information is used by the Company to rate major customers using other publicly available financial information and historical transaction records. The Company continuously monitors credit risk and the credit ratings of counterparties and spreads the total transaction amount among different customers with qualified credit ratings.

To reduce credit risk, the Company has taken appropriate actions with respect to credit facility determination, credit approval and other control procedures to ensure the collection of overdue accounts receivable. In addition, the Company periodically reviews the recoverable amounts of receivables to ensure that appropriate impairment losses have been recorded for uncollectible receivables. Accordingly, the Company's management stratum believes that the Company's credit risk has been significantly reduced.

The Company recognizes allowance losses for accounts receivable based on expected credit losses during the period of existence. Expected credit losses for the duration are calculated using an allowance preparation matrix, which takes into account the customer's past violation record and current financial condition. Since the Company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, therefore, without further differentiation of customer groups, the preparation matrix only sets the expected credit loss rate based on the days of violation on accounts receivable.

If there is evidence that the counterparty is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, the Company directly writes off the related accounts receivable, but continues the recourse activities and recognizes the amount recovered in profit or loss as a result of the recourse.

The Company measures the allowance loss for accounts receivable based on the preparation matrix as follows:

December 31, 2022	Not past due	1 - 60 days past due	61 - 90 days past due	Total
Expected credit loss rate	0%	0%	0%	
Gross carrying amount	$ 404,475	$ 135,758	$ 10	$ 540,243
Allowance for losses (expected credit losses during the continuance period)	-	-	-	-
Amortized cost	**$ 404,475**	**$ 135,758**	**$ 10**	**$ 540,243**
December 31, 2021				
Expected credit loss rate	0%	0%	0%	
Gross carrying amount	$ 421,646	$ 21,606	$ 4,590	$ 447,842
Allowance for losses (expected credit losses during the continuance period)	-	-	-	-
Amortized cost	**$ 421,646**	**$ 21,606**	**$ 4,590**	**$ 447,842**

XI. Inventories

	December 31, 2022	December 31, 2021
Merchandise	$ 2,129	$ 1,075
Finished product	53,824	57,487
Work in progress	78,856	99,332
Raw material	50,582	46,254
Inventory in transit	7,112	712
	$ 192,503	**$ 204,860**

The operating costs related to stocks respectively were NT$ 1,841,781 thousand and NT$ 1,934,468 thousand in 2022 and 2021.

The operating costs for the 2022 and 2021 respectively include a gain of NT$ 5,023 thousand from inventory decline and sluggish recovery, and a loss of NT$ 3,610 thousand from inventory decline and sluggish recovery.

The increase in net realizable value of inventories was due to the recovery in market prices of inventories.

XII. Investments accounted for using equity method

Investments in subsidiaries	December 31, 2022 Amount	December 31, 2022 Percentage of %	December 31, 2021 Amount	December 31, 2021 Percentage of %
Kinko Optical (HK) Limited (Kinko HK Company)	$ 1,748,534	100	$ 1,556,708	100
Jinwei Optical Industry Co., Ltd. (Jinwei Company)	340,244	100	310,333	100
Hu Shang Optical Industry Co., Ltd. (Hu Shang Company)	101,033	100	97,115	100
	$ 2,189,811		**$ 1,964,156**	

For details of the Company's indirect investment in subsidiaries, please refer to Tables 6 and 7.

Kinko HK Company reduced its share capital and refunded HKD 231,000 thousand in June 2021.

XIII. Property, plant and equipment

2022	Beginning of the year balance	Increase	Decrease	Reclassification	End of year balance
Cost					
Land	$ 53,558	$ -	$ -	$ -	$ 53,558
Buildings	600,046	2,602	2,071	6,410	606,987
Machinery equipment	1,454,383	24,248	17,714	43,476	1,504,393
Mold equipment	290,068	14,800	1,150	-	303,718
Transportation equipment	989	-	279	-	710
Wealth production equipment	33,861	904	1,951	-	32,814
Other equipment	220,593	7,095	18,046	1,219	210,861
Unfinished work	71	-	-	(71)	-
	2,653,569	**$ 49,649**	**$ 41,211**	**$ 51,034**	2,713,041
Accumulated depreciation					
Buildings	168,868	$ 28,743	$ 2,071	$ -	195,540
Machinery equipment	784,603	157,745	17,179	-	925,169
Mold equipment	251,838	34,112	310	-	285,640
Transportation equipment	331	154	192	-	293
Wealth production equipment	18,712	5,695	1,951	-	22,456
Other equipment	185,940	16,382	17,964	-	184,358
	1,410,292	**$ 242,831**	**$ 39,667**	**$ -**	1,613,456
	$ 1,243,277				**$ 1,099,585**

2021	Beginning of the year balance	Increase	Decrease	Reclassification	End of year balance
Cost					
Land	$ 53,558	$ -	$ -	$ -	$ 53,558
Buildings	527,574	25,744	188	46,916	600,046
Machinery equipment	1,372,504	22,079	7,362	67,162	1,454,383
Mold equipment	273,281	50,362	33,575	-	290,068
Transportation equipment	469	-	-	520	989
Wealth production equipment	31,551	2,899	589	-	33,861
Other equipment	242,030	7,634	35,010	5,939	220,593
Unfinished work	-	71	-	-	71
	2,500,967	**$ 108,789**	**$ 76,724**	**$ 120,537**	2,653,569
Accumulated depreciation					
Buildings	146,909	$ 22,147	$ 188	$ -	168,868
Machinery equipment	642,738	147,371	5,506	-	784,603
Mold equipment	250,442	34,717	33,321	-	251,838
Transportation equipment	220	111	-	-	331
Wealth production equipment	13,336	5,965	589	-	18,712
Other equipment	198,656	22,112	34,828	-	185,940
	1,252,301	**$ 232,423**	**$ 74,432**	**$ -**	1,410,292
	$ 1,248,666				**$ 1,243,277**

Depreciation expense is provided on a straight-line basis over the following useful lives:

Housing and construction	
Plant main building	3 - 50 years
Other	1 - 13 years
Machinery equipment	1 - 15 years
Mold equipment	2 years
Transportation equipment	5 - 7 years
Wealth production equipment	1 - 10 years
Other equipment	1 - 10 years

For the amount of property, plant and equipment as guarantee for borrowings, please refer to Note XXX.

XIV. Lease agreement

(I) Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of right-of-use assets		
Land	$ 45,408	$ 47,057
Building	5,285	4,812
Office equipment	430	548
Transportation equipment	1,595	200
	$ 52,718	**$ 52,617**

	2022	2021
Addition of right-of-use assets	**$ 6,117**	**$ 12,340**
Depreciation expense of right-of-use assets		
Land	$ 2,182	$ 2,116
Building	3,338	5,138
Office equipment	118	234
Transportation equipment	378	435
	$ 6,016	**$ 7,923**

(II) Lease liabilities

	December 31, 2022	December 31, 2021
Book amount of lease liabilities		
Current	**$ 5,439**	**$ 5,007**
Non current	**$ 50,138**	**$ 50,616**

The discount rate range for lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Land	1.73%	1.73%
Building	1.73%	1.73%
Office equipment	1.73%	1.73%
Transportation equipment	1.73%	1.73%

(III) Important tenant activities and terms

The Company leases certain land and buildings for use as plants and offices for a period of 1 to 10 years. At the end of the lease period, the Company has no preferential rights to acquire the leased land and buildings, which is leased.

(IV) Other leasing information

	2022	2021
Short-term lease payments	**$ 1,632**	**$ -**
Total cash outflow from leases	**$ 8,737**	**$ 6,629**

The Company has elected to not recognize the related right-of-use assets and lease liabilities for such leases by applying the applicable recognition exemption to buildings that qualify as short-term leases.

XV. Cash surrender value of life insurance

The cash surrender value of life insurance is the portion of the premiums paid for life insurance policies with the Company as the beneficiary, if the premiums paid are part of the cash surrender value, they are recorded as the reduction of the current year's insurance premiums and the book amount of the cash surrender value of life insurance is increased. When the guarantee period expires or is terminated, the full amount received will be reduced by the book amount of the cash surrender value of life insurance.

Information on the changes in the cash surrender value of life insurance is as follows:

	2022	2021
Beginning of the year balance	$ 248,224	$ 210,169
Life insurance payments for the current year	7,469	27,156
Increase in cash surrender value of life insurance for the current year	15,571	10,899
End of year balance	**$ 271,264**	**$ 248,224**

XVI. Other assets

	December 31, 2022	December 31, 2021
Current		
Prepayments	$ 6,842	$ 6,399
Employee borrowing expenses	85	78
Other	2,225	1,602
	$ 9,152	**$ 8,079**
Non current		
Refundable deposit	$ 1,394	$ 1,733
Net defined benefit asset	16,753	-
Other	1,348	-
	$ 19,495	**$ 1,733**

XVII. Borrowings

(I) Short-term borrowings

	December 31, 2022	December 31, 2021
Mortgage borrowings (Note XXX)	**$ 59,298**	**$ 14,298**
Annual interest rate (%)		
Mortgage borrowings	2.05	1.42

(II) Long-term borrowings

	December 31, 2022	December 31, 2021
Mortgage borrowings (Note XXX)	$ 106,902	$ 143,989
Credit borrowings	98,157	108,595
	205,059	252,584
Less: portion due within 1 year	(74,541)	(46,136)
Portion due after 1 year	**$ 130,518**	**$ 206,448**
Annual interest rate (%)		
Mortgage borrowings	1.39-2.05	0.8-1.39
Credit borrowings	1.24	0.79

XVIII. Other payables

	December 31, 2022	December 31, 2021
Salaries and bonuses payable	$ 61,729	$ 65,216
Other	76,097	54,978
	$ 137,826	**$ 120,194**

XIX. Corporate bonds payable

	December 31, 2022	December 31, 2021
Second guaranteed convertible corporate bonds in Taiwan	$ 350,000	$ 350,000
Less:		
discount on corporate bonds payable	(5,077)	(8,177)
	$ 344,923	**$ 341,823**

The Company issued 3,500 units of guaranteed convertible corporate bonds with a face interest rate of 0% in August 2021, totaling NT$ 350,000 thousand, and the issue amount is 115.17% of the face interest rate, and the total amount raised is NT$ 403,105 thousand, and the issue period is 3 years until August 2024.

Each unit of corporate bonds is entitled to be converted into common stocks of the Company at NT$ 33.9 per share. (The original conversion price was NT$ 35, which was adjusted to NT$ 34.5 in September 2021 due to a cash capital increase, and to NT$ 33.9 in July 2022 due to a cash dividend distribution.) If there is an increase in the number of common stocks issued by the Company, the distribution of cash dividends on common stocks, the issuance (or private placement) of various marketable securities with conversion rights or stock options on common stocks at a conversion or stock options price lower than the current price per share, or the reduction of common stocks due to capital reduction other than the cancellation of treasury stock after the issuance of the bonds, the conversion price will be adjusted in accordance with Article 11 of the

Regulations Governing the Issuance and Conversion of the Company's Second Domestic Secured Convertible Bonds. The conversion period is from November 14, 2021 to August 13, 2024. If the convertible corporate bonds are not converted at that time, the Company will repay them in cash within 10 business days from the day following the maturity of the convertible corporate bonds.

From the day following the expiration of three months from the date of issue (November 14, 2021) to the date 40 days before the expiration of the issue period (July 4, 2024), if the closing price of the Company's common stocks at the business premises of a securities firm exceeds the then conversion price by more than 30% (inclusive) for 30 consecutive business days, or if the outstanding balance of the Company's bonds is less than 10% of the original total issued amount, the Company may recover in cash the entire amount of the converted corporate bonds outstanding in accordance with the face value of the bonds.

This convertible corporate bond includes liabilities and equity components, and the equity component is expressed as capital reserve-share options under equity. The effective interest rate originally recognized for the liability component is 0.90%, and the option derivative is measured at fair value through profit or loss.

Issuance price (deducting transaction cost of NT$ 5,006 thousand)	$	398,099
Equity component (net of transaction costs allocated to equity of NT$ 727 thousand)	(	57,908)
Option derivative		455
Components of liabilities on the issue date (less transaction costs allocated to liabilities of NT$ 4,279 thousand)		340,646
Interest calculated at effective interest rate		1,177
Components of liabilities on December 31, 2021		341,823
Interest calculated at effective interest rate		3,100
Components of liabilities on December 31, 2022	**$**	**344,923**

As of December 31, 2022 and 2021, the Company provided bank time deposits of NT$ 74,513 thousand and NT$ 41,520 thousand respectively as guarantees for issuing corporate bonds, as shown in Note XXX.

XX. Post-retirement benefits plan

(I) Determination of the withdrawal plan

The pension system of the "Labor Pension Ordinance" applicable to the Company is a defined retirement plan managed by the government, and the pension is paid to the personal account of the Labor Insurance Bureau according to 6% of the employee's monthly salary.

(II) Determination of the benefits plan

The Company's pension system under the "Labor Standards Law" of the Taiwan is a government-administered defined benefit retirement plan. The payment of employee pension is based on the length of service and the average salary for the six months prior to the approved retirement date. The Company allocates 2.01% of the total monthly salaries of the employees to the Labor Retirement Reserve Board for deposit in the special account of the Bank of Taiwan in the name of the Board.

Before the end of the year, if the balance in the special account is estimated to be insufficient to pay the workers who are estimated to meet the retirement conditions in the following year, the difference will be allocated in one lump sum before the end of March of the following year. The special account was entrusted to the Labor Fund Administration Bureau of the Ministry of Labor for management, and the Company has no right to affect the investment management strategy. The Company has also stipulated the retirement method for appointed managers since January 2006, which is also a defined benefit retirement plan. The retirement fund for appointed managers has been provided and the special account of the fund is kept at Mega International Commercial Bank.

The amount of defined benefit plan included in individual balance sheet is listed as follows:

	December 31, 2022	**December 31, 2021**
Determination of the present value of benefit obligations	$ 69,966	$ 75,893
Fair value of plan assets	(86,719)	(75,473)
Net defined benefit liabilities (assets)	**($ 16,753)**	**$ 420**

Changes in the net defined benefit liabilities (assets) are as follows:

	Determination of the present value of benefit obligations	**Fair value of plan assets**	**Net defined benefit liabilities (assets)**
January 1, 2021	$ 76,427	($ 67,200)	$ 9,227
Service cost			
Current service cost	250	-	250
Interest expense (revenue)	382	(354)	28
Recognized in profit or loss	632	(354)	278
Remeasurements			
Return on planned assets (except the amount included in net interest)	-	(726)	(726)
Actuarial loss (profit)			
-Changes in demographic assumptions	2,030	-	2,030
-Changes in financial assumptions	(3,157)	-	(3,157)
-Empirical adjustment	(39)	-	(39)
Recognized in other comprehensive income	(1,166)	(726)	(1,892)
Employer's appropriation	-	(7,193)	(7,193)
December 31, 2021	**75,893**	**(75,473)**	**420**
Service cost			
Current service cost	219	-	219
Interest expense (revenue)	474	(494)	(20)
Recognized in profit or loss	693	(494)	199
Remeasurements			
Return on planned assets (except the amount included in net interest)	-	(5,109)	(5,109)

	Determination of the present value of benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
Actuarial loss (profit)			
-Changes in financial assumptions	(6,369)	-	(6,369)
-Empirical adjustment	1,051	-	1,051
Recognized in other comprehensive income	(5,318)	(5,109)	(10,427)
Employer's appropriation	-	(6,945)	(6,945)
Benefits payment	(1,302)	1,302	-
December 31, 2022	**$ 69,966**	**($ 86,719)**	**($ 16,753)**

The amount recognized in profit or loss of the defined benefit plan is summarized as follows by function:

	2022	2021
Cost of operation	$ 160	$ 221
Selling and marketing expenses	3	4
General and administrative expenses	18	26
Research and development expenses	18	27
	$ 199	**$ 278**

The Company is exposed to the following risks due to the pension system of the Labor Standards Law:

1. Investment risk: The Labor Fund Administration Bureau of the Ministry of Labor invests the labor retirement fund in domestic (foreign) equity securities, debt securities, bank deposits, etc. respectively through its own operation and entrusted operation. However, the distribution amount of the planned assets of the Company is the income calculated at a rate not lower than the 2-year fixed deposit rate of local banks.
2. Interest rate risk: the decrease in interest rate of government bonds will increase the present value of defined benefit obligations, but the return on debt investment of planned assets will also increase, which will partially offset the impact on net defined benefit liabilities.
3. Salary risk: the calculation of determining the present value of benefit obligations refers to the future salary of plan members. Therefore, the increase in the salary of plan members will increase the present value of defined benefit obligations.

The present value of the Company's defined benefit obligations is actuarially determined by qualified actuaries, and the major assumptions on the measurement date are as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.375%	0.625%
Expected salary increase rate	2.50%	2.50%

If there are reasonable and possible changes in major actuarial assumptions, the amount that will increase (decrease) the present value of defined benefit obligations while all other assumptions remain unchanged is as follows:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	($ 1,945)	($ 2,055)
Reduce by 0.25%	$ 2,031	$ 2,147
Expected salary increase rate		
Increase by 0.25%	$ 1,975	$ 2,074
Reduce by 0.25%	($ 1,901)	($ 1,997)

Because actuarial assumptions may be related to each other, it is unlikely that only a single assumption will change, so the above sensitivity analysis may not reflect the actual changes in determining the present value of benefit obligations.

	December 31, 2022	December 31, 2021
Expected amount to be withdrawn within one year	$ 7,282	$ 7,193
Determined average benefit obligation maturity	11.9 years	11.2 years

XXI. Equity

(I) Ordinary shares

	December 31, 2022	December 31, 2021
Rated number of shares (thousand shares)	250,000	250,000
Authorized capital stock	$ 2,500,000	$ 2,500,000
Number of issued and paid-up shares (thousand shares)	174,229	174,147
Issued capital stock	$ 1,742,286	$ 1,741,469

On May 6, 2021, the Board of Directors resolved to issue 11,000 thousand new shares of NT$ 10 par value per share at NT$ 24 premium per share for cash capital increase, with September 30, 2021 as the base date of capital increase.

According to the Company Law, 15% of the total amount of new shares issued is reserved for employees to subscribe for, and the salary expenses and capital reserve are recognized as NT$ 13,382 thousand.

(II) Capital surplus

	December 31, 2022	December 31, 2021
Used to cover losses, to issue cash or to replenish capital stock (Note)		
Stock issuance premium	$ 383,451	$ 468,239
Corporate bond conversion premium	481,731	481,731
Compensation for interest payable on conversion of corporate bonds	9,569	9,569
Expired stock option	7,857	7,857
Used to cover losses		
Gain on disposal of assets	42	42
Other	165	147
Not for any purpose		
Employee stock options	14,970	14,318
Stock option	57,908	57,908
	$ 955,693	**$ 1,039,811**

Note: Such capital reserve may be used to cover losses or, in the absence of a loss, to issue cash or to replenish capital stock, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

(III) Retained earnings and dividend policy

According to the surplus distribution policy stipulated in the Articles of Association of the Company, if there is a surplus in the annual final accounts, tax shall be paid according to law and another 10% shall be raised as the legal reserve after the accumulated losses are covered. However, when the legal reserve reaches the paid-in capital of the Company, it may not be raised any more, and the rest shall be raised or reversed as stipulated by law; If there is any remaining balance and it is consistent with the accumulated undistributed earnings, the Board of Directors shall prepare a surplus distribution bill and submit it to the shareholders' ordinary meeting for resolution on the distribution of shareholders' dividends and bonuses. If the Company distributes all or part of dividends and bonuses or legal reserve and capital surplus e in cash, it shall authorize the Board of Directors to attend the meeting with the consent of more than two-thirds of the directors and more than half of the directors present, and report to the shareholders' meeting.

In addition, according to the Company's Articles of Association, the dividend policy shall be in accordance with the current and future development plans, the investment environment, capital requirements and domestic and foreign competition, and shall take into account factors such as shareholders' interests. The shareholders' dividend shall not be less than 40% of the distributable surplus of the current year. When distributing the shareholders' dividend, the dividend may be in cash or in stock, and the cash dividend shall not be less than 10% of the total dividend.

The legal reserve shall be set aside until the remaining amount reaches the total paid-in capital stock of the company. The legal reserve can be used to cover losses. When the company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in capital stock can be allocated to share capital and distributed in cash.

When the Company sets aside the special reserve for the net deduction of other equity accumulated in the previous period, it only sets aside the undistributed surplus in the previous period.

The Company held a general meeting of shareholders in June 2022, and passed a resolution on the appropriation of profit and loss for 2021. After turning back the special reserve of NT$ 4,069 thousand, the legal reserve of NT$ 32,561 thousand was used to cover the losses. In addition, in March 2022, the Board of Directors passed a resolution to allocate cash of NT$ 87,114 thousand from capital surplus, and each share was allocated to NT$ 0.5.

The Company held a regular meeting of shareholders in August 2021, and passed the resolution to distribute the surplus for 2020 as follows:

	2020
Special reserve	**$ 14,617**

On March 23, 2023, the Board of Directors of the Company proposed the following surplus distribution plan for 2022:

	2022
Legal reserve	$ 7,329
Reversal of special reserve	(20,363)
Cash dividends	69,691
Cash dividend per share (NTD)	0.4

The above cash dividends have been distributed by resolution of the Board of Directors, and the rest have yet to be resolved at the general meeting of shareholders scheduled for June 2023.

In addition, on March 23, 2023, the Board of Directors resolved to allot NT$ 52,269 thousand in cash from capital surplus at NT$ 0.3 per share.

(IV) Special reserve

When adopting IFRSs for the first time, the amount of accumulated conversion adjustment of accounts transferred to reserved surplus was NT$ 205,745 thousand, and the special reserve of the same amount has been set aside. The special reserve of NT$ 36,851 thousand was reversed due to the liquidation of some foreign operating institutions and the elimination of the original reasons.

XXII. Operating revenue

	2022	2021
Customer contract revenue		
Revenue from merchandise sales	$ 1,942,733	$ 1,933,795
Processing revenue	2,904	3,398
Service receipts	1,685	3,003
	$ 1,947,322	**$ 1,940,196**

Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable	$ -	$ 122	$ 151
Accounts receivable - net amount of unrelated parties	540,243	447,842	445,560
	$ 540,243	**$ 447,964**	**$ 445,711**

XXIII. Net profit (loss) for the current year

(I) Other gains and losses

	2022	2021
Profit (loss) from disposal of property, plant and equipment	($ 1,544)	$ 368
Net foreign currency exchange profit (loss)	(1,786)	3,460
Profits (losses) of financial assets and liabilities measured at fair value through profit or loss	41,570	(6,467)
Other	13,118	10,587
	$ 51,358	**$ 7,948**

(II) Financial cost

	2022	2021
Borrowings interest	$ 3,227	$ 6,787
Convertible corporate bond interest	3,100	1,177
Interest on lease liabilities	942	922
	$ 7,269	**$ 8,886**

(III) Employee benefit expenses, depreciation and amortization expenses

Nature	Operating Costs	Operating Expenses	Total
2022			
Employee benefit expenses			
Short-term employee benefits	$ 367,90	$ 77,335	$ 445,236
Labor and health insurance expenses	45,60	7,553	53,160
Post-retirement benefits			
Determination of the appropriation plan	15,27	3,710	18,984
Determination of benefit plans	16	39	199
Directors' emoluments		1,934	1,934
Share-based payment			
Equity settlement		1,499	1,499
Other employee benefits	25,06	4,931	30,000
Depreciation expense	209,71	39,137	248,847
Amortization expense		388	388

Nature	Operating Costs	Operating Expenses	Total
2021			
Employee benefit expenses			
Short-term employee benefits	$ 366,107	$ 77,366	$ 443,473
Labor and health insurance expenses	44,154	8,878	53,032
Post-retirement benefits			
Determination of the appropriation plan	15,063	3,647	18,710
Determination of benefit plans	221	57	278
Directors' emoluments	-	696	696
Share-based payment			
Equity settlement	-	18,305	18,305
Other employee benefits	23,629	4,622	28,251
Depreciation expense	199,708	40,638	240,346

The number of employees of the Company in 2022 and 2021 was 878 and 907 respectively, of which the number of directors who are not part-time staff in 2022 and 2021 were 2 and 3 respectively.

The Company's average employee benefit expenses in 2022 and 2021 were NT$ 627 thousand and NT$ 622 thousand, respectively, and the average employee salary and compensation expenses were NT$ 508 thousand and NT$ 491 thousand respectively.

The remuneration of the supervisors of the Company in 2022 and 2021 is NT$ 108 thousand and NT$ 216 thousand respectively.

Salary and remuneration policy

1. Employee salary: employee salary mainly includes basic salary (including principal salary, food allowance), job promotion salary, individual annual

salary and annual pension, etc. Salary verification is conducted with reference to the salary market of peers, job category, academic experience, professional knowledge and technology, and professional seniority experience.

2. Manager: the remuneration policy for managers is implemented after the recommendations made by the Remuneration Committee are approved by the Board of Directors based on factors such as the Company's operating strategy, profitability, performance and job contribution, and with reference to the salary market level.
3. Remuneration of directors and supervisors: the remuneration of directors and supervisors of the Company shall be paid at the usual level. If the company has a surplus, it shall be set aside in accordance with the provisions of the Articles of Association and submitted to the shareholders' meeting after being reviewed by the Remuneration Committee and approved by the Board of Directors.

(IV) Remuneration of employees and directors and supervisors

According to the Articles of Association, the Company shall allocate employee remuneration and directors' remuneration at a rate of not less than 10% and not more than 2.5% respectively according to the pre-tax profit of the current year before deducting the remuneration of employees and directors. 2021 was a year of pre-tax loss, so the remuneration of employees and directors and supervisors was not estimated. The estimated employee remuneration and directors' remuneration for 2022 were resolved by the Board of Directors in March 2023 as follows:

	2022
Estimated proportion	
Employee remuneration	10%
Director's remuneration	2.5%
Cash	
Employee remuneration	$ 4,761
Director's remuneration	1,190

If the amount of the annual financial statements still changes after it is issued, it will be treated according to the change of accounting estimate and adjusted and recorded in the next year.

FY2020 was a year of pre-tax loss, and the Company did not distribute the remuneration of employees and directors and supervisors.

For information on employee compensation and directors' compensation decided by the Board of Directors of the Company, please refer to the "Open Information Observatory" of Taiwan Stock Exchange Corporation (TSEC).

XXIV. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax benefits are as follows:

	2022	2021
Current tax		
Adjustments for prior years	($ 202)	$ 190
Deferred taxes		
Generated during the year	(23,085)	(64,190)
Income tax profits recognized in profit or loss	**($ 23,287)**	**($ 64,000)**

The adjustment of accounting income and income tax benefits is as follows:

	2022	2021
Income tax expense (profit) at legal tax rate on pre-tax net profit (loss)	$ 8,331	($ 42,893)
Tax-deductible expenses and losses	398	237
Tax-free income	(2,751)	(4,273)
Non-taxable gains and losses	(31,379)	(7,662)
Realized investment loss	-	(10,244)
Deduction of unrecognized losses	2,316	645
Adjustments for prior years' tax	(202)	190
Income tax profits recognized in profit or loss	**($ 23,287)**	**($ 64,000)**

(II) Changes in deferred tax assets and liabilities

2022	Beginning of the year balance	Recognized in profit or loss	Recognized in other comprehensive income	End of year balance
Deferred tax assets				
Temporary difference				
Determination of the benefit retirement plan	$ 84	($ 84)	$ -	$ -
Depreciation and sluggish loss of inventory	5,424	(1,042)	-	4,382
Unrealized gross profit	58	(18)	-	40
Exchange balance of foreign operating institutions	49,420	-	(13,735)	35,685
Loss of financial liabilities measured at fair value through profit or loss	545	(545)	-	-
Unrealized exchange loss	-	2,504	-	2,504
Other	4,312	(648)	-	3,664
	59,843	167	(13,735)	46,275
Loss deduction	192,178	22,151	-	214,329
	$ 252,021	**$ 22,318**	**($ 13,735)**	**$ 260,604**

2022	Beginning of the year balance	Recognized in profit or loss	Recognized in other comprehensive income	End of year balance
Deferred tax liabilities				
Temporary difference				
Unrealized exchange benefits	$ 3,157	($ 3,157)	$ -	$ -
Determination of the benefit retirement plan	-	1,265	2,085	3,350
Benefits of financial assets and liabilities measured at fair value through profit or loss	-	1,216	-	1,216
Other	91	(91)	-	-
	$ 3,248	**($ 767)**	**$ 2,085**	**$ 4,566**

2021				
Deferred tax assets				
Temporary difference				
Determination of the benefit retirement plan	$ 1,846	($ 1,384)	($ 378)	$ 84
Depreciation and sluggish loss of inventory	5,090	334	-	5,424
Unrealized gross profit	95	(37)	-	58
Exchange balance of foreign operating institutions	47,249	-	2,171	49,420
Loss of financial liabilities measured at fair value through profit or loss	1,242	(697)	-	545
Other	3,630	682	-	4,312
	59,152	(1,102)	1,793	59,843
Loss deduction	128,868	63,310	-	192,178
	$ 188,020	**$ 62,208**	**$ 1,793**	**$ 252,021**
Deferred tax liabilities				
Temporary difference				
Unrealized exchange benefits	$ 5,230	($ 2,073)	$ -	$ 3,157
Other	-	91	-	91
	$ 5,230	**($ 1,982)**	**$ -**	**$ 3,248**

(III) Information about unused loss deduction

As of December 31, 2022, the information about loss deduction is as follows:

Balance not yet deducted	Last deduction year
$ 28,465	2024
123,093	2025
149,870	2026
155,223	2027
116,101	2028
58,420	2029
37	2030
319,147	2031
121,289	2032
$ 1,071,645	

(IV) Summary amount of temporary differences related to investment and unrecognized deferred tax liabilities

As of December 31, 2022 and 2021, taxable temporary differences related to investment subsidiaries and not recognized as deferred tax liabilities were NT$ 440,550 thousand and NT$ 357,015 thousand respectively.

(V) Income tax verification

The Company's income tax declaration cases for profit-making enterprises before FY2020 have been approved by the tax collection authorities.

XXV. Earnings (loss) per share

Earnings (loss) and weighted average number of common stocks used to calculate earnings (loss) per share are as follows:

	2022	2021
Net profit (loss) for the purposes of basic and diluted earnings (loss) per share	**$ 64,944**	**($ 150,464)**
Shares (thousand shares)		
Weighted average number of common stocks used to calculate basic and diluted earnings (loss) per share	174,210	165,927
Effect of potential common stock with dilution:		
Employee remuneration	195	-
Employee stock options	42	-
Weighted average number of common stocks used to calculate diluted earnings (loss) per share	**174,447**	**165,927**

If the Company has to choose to pay employees' remuneration in shares or cash, it is assumed that employees' remuneration will be paid in shares when calculating diluted earnings per share, and it will be included in the weighted average number of outstanding shares when the potential common stock has dilution effect to calculate diluted earnings per share. When calculating diluted earnings per share before deciding the number of shares to be paid to employees in the next year, the dilutive effect of these potential common stocks also continues to be considered.

Because the convertible corporate bonds in circulation in 2022 were converted, it was not included in the calculation of diluted earnings per share because of its anti-dilution effect. In addition, the Company's net loss after tax for 2021 was not included in the calculation of diluted loss per share as it is the diluted loss per share that would have an anti-dilutive effect if the conversion calculation had been made for employee stock options and outstanding convertible corporate bonds.

XXVI. Share-based payment agreement

(I) Employee stock option plan

In January 2020, the Company released 2,219 thousand employee stock options, and each unit can subscribe 1 common stock for employees who meet specific conditions of the Company. The duration of share option is 6 years, and the certificate holder may exercise a certain proportion of the share option granted to it from the date of issuance for 2 years. After the issuance of the share option, in case of any change in the common stocks of the Company, the exercise price of the share options shall be adjusted according to the prescribed formula.

Related information on employee stock option is as follows:

	2022		2021	
Employee stock options	Unit	Weighted average exercise price (NT$)	Unit	Weighted average exercise price (NT$)
Circulated outside at the beginning of the year	1,690,750	$ 28.5	2,218,750	$ 28.5
Executed in the current year	(81,700)	28.1	-	
Lost in the current year	(149,200)		(528,000)	
Circulated at the end of the year	**1,459,850**		**1,690,750**	
Exercisable at year-end	**1,459,850**		**-**	
Weighted average fair value of share option granted in the current year (NT$)	**$ -**		**$ -**	

The Company used the Black-Scholes evaluation model to identify its equity rights to its employees in January 2020. The input values used in the evaluation model are as follows:

	January 2020
Share price at the date of grant (NT$/share)	$ 28.5
Exercise price (NT$/share)	28.5
Expected fluctuation rate	44.31%
Expected duration	4 years
Expected dividend rate	0.00%
Risk-free interest rate	0.55%

The expected fluctuation rate refers to the expected duration, and the annualized standard deviation of the historical daily return rate during the current period is adopted as the fluctuation rate of expected expected price.

(II) Share subscription of cash-increased retained employees

On May 6, 2021, the Board of Directors resolved to issue new shares by cash increase, and 1,650 thousand shares were retained as employee purchases in accordance with the Company Law. If the employee subscribes insufficiently or abandons the subscribed shares, the Chairman of the Board of Directors shall be authorized to contact a specific person to subscribe for the shares.

In August 2021, the Company used the Black-Scholes evaluation model for the subscription of shares for cash capital increase reserved to employees. The input values used in the evaluation model are as follows:

	August 2021
Share price at the date of grant (NT$/share)	$ 32.1
Exercise price (NT$/share)	24.0
Expected fluctuation rate	44.54%
Expected duration	0.079 years
Expected dividend rate	0.00%
Risk-free interest rate	0.0554%

XXVII. Capital risk management

The Company engages in capital management to ensure maximum shareholder remuneration by optimizing the balance between debt and equity before proceeding with operations. The holistic strategy of the Company has not changed during the reporting period.

The capital structure of the Company is composed of net debt and equity (i.e. common capital stock, capital reserve, reserved surplus and other equity items).

The Company has no other external capital regulations.

XXVIII. Financial instruments

(I) Fair value information - financial instruments not measured at fair value

The management of the Company believes that the book amount of financial assets and financial liabilities not measured at fair value approaches its fair value or its fair value cannot be reliably measured.

(II) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instrument	$ -	$ 6,077	$ -	$ 6,077

December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income				
Investments in equity instruments				
- Domestic TWSE/TPEx listed stocks	$ 44,282	$ -	$ -	$ 44,282
Investments in debt instruments				
- Foreign corporate bonds	-	27,208	-	27,208
	$ 44,282	**$ 27,208**	**$ -**	**$ 71,490**

December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instrument	**$ -**	**$ -**	**$ 910**	**$ 910**
Financial assets measured at fair value through other comprehensive income				
Investments in equity instruments				
- Domestic TWSE/TPEx listed stocks	**$ 44,367**	**$ -**	**$ -**	**$ 44,367**
Financial liabilities measured at fair value through profit or loss				
Derivative instrument	**$ -**	**$ 2,727**	**$ -**	**$ 2,727**

There were no transfers between Level 1 and Level 2 fair value measurements in 2022 and 2021.

2. Adjustment of financial instruments measured at Level 3 fair value

Financial assets measured at fair value through profit or loss	Derivative instrument
2022	
Beginning of the year balance	$ 910
Recognized in profit or loss	(910)
End of year balance	**$ -**
2021	
Beginning of the year balance	$ -
Newly added	455
Recognized in profit or loss	455
End of year balance	**$ 910**

3. Evaluation techniques and input values for Level 2 fair value measurement

The estimates and assumptions used by the Company in the evaluation method are consistent with the information used by market participants as estimates and assumptions in the pricing of financial merchandise. The fair values of swap contracts and foreign corporate bond investments are calculated and assessed separately for individual contracts based on the quotation information provided by the transaction objects.

4. Evaluation techniques and input values for Level 3 fair value measurement

The fair value of the redemption right of corporate bonds payable in the financial assets measured at fair value through profit and loss is estimated by the convertible bond evaluation model of binary tree. The major unobservable input value is the volatility of stock price. When the volatility of stock price increases, the fair value will increase. The adopted stock price volatility on December 30th, FY2011 and FY2010 were 35% and 45%, respectively.

(III) Types of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Measured at fair value through profit or loss		
Mandatory measurement at fair value through profit or loss	$ 6,077	$ 910
Financial assets measured at amortized cost (Note 1)	826,014	827,897
Financial assets measured at fair value through other comprehensive income		
Investments in equity instruments	$ 44,282	$ 44,367
Investments in debt instruments	27,208	-
Financial liabilities		
Measured at fair value through profit or loss		
Held for trading	-	2,727
Measured at amortized cost (Note 2)	1,607,084	1,533,205

Note 1: The balance includes cash and cash equivalents, bills receivable, accounts receivable, other receivables, refundable deposits, and other financial assets measured at amortized cost.

Note 2: The balance includes financial liabilities, such as short-term bank borrowings, bills payable, accounts payable, other payables, company bonds payable, and long-term bank borrowings (including those due within one year), measured at amortized cost.

(IV) Purpose and policy of financial risk management

The Company's main financial instruments include equity and bond instrument investment, accounts receivable, accounts payable, borrowings and lease liabilities. The financial management department of the Company provides services for all business units, coordinates the operations in domestic and international financial markets, and supervises and manages the financial risks related to the operation of the Company by analyzing the internal risk reporting of risk exposures according to the degree and breadth of risks. Such risks include market risks (including exchange rate risks and interest rate risks), credit risks and liquidity risks.

1. Market risk

The main financial risks assumed by the Company due to its operation activities are foreign exchange rate fluctuation risk and interest rate fluctuation risk.

The Company's exposure to market risks of financial instruments and its management and measurement of such risk exposures have not changed.

(1) Exchange rate risk

The Company engages in foreign currency denominated sales and purchase transactions, which expose the Company to exchange rate fluctuation risks. About 80%-90% of the sales amount of the Company is not calculated in functional currency, while about 40%-50% of the cost amount is not calculated in functional currency.

The book amounts of monetary assets and monetary liabilities that are not denominated in a functional currency at the balance sheet date and the book amounts of derivative instruments that are exposed to exchange rate risk are disclosed in Note XXXII.

The Company is primarily impacted by fluctuations in USD and Japanese Yen exchange rates.

The sensitivity analysis of our company only includes foreign currency monetary items that are currently in circulation, and the amount of net profit (loss) before tax that will be affected by a 1% exchange rate change in year-end conversion. 1% represents the sensitive ratio used by the Company to report exchange rate risks to the main management level, and also represents the management level's assessment of the reasonable and possible change range of foreign exchange rate.

	Influence of exchange rate changes on profit and loss	
Type of currency	**2022**	**2021**
USD	$ 1,894	$ 3,512
Japanese Yen	128	213

(2) Interest rate risk

The Company's interest rate risk mainly comes from borrowings with floating interest rates, thus generating the risk exposures of interest rate.

The book amount of our company's financial liabilities subject to interest rate risk exposure on the balance sheet date is as follows:

	December 31, 2022	December 31, 2021
Interest rate risk with fair value		
Financial liabilities	$ 400,500	$ 397,446
Interest rate risk with cash flow		
Financial liabilities	264,357	266,882

Regarding the sensitivity analysis of interest rate risk, when the interest rate changes by 0.25%, the Company's net profit (loss) before tax in 2022 and 2021 will change by NT$ 661 thousand and NT$ 667 thousand respectively.

2. Credit risk

Credit risk refers to the risk that the counterparty defaults on its contractual obligations and causes financial losses to the Company. As of the balance sheet date, the maximum credit risk exposure of the Company that may cause financial losses due to the non performance of obligations by the counterparty is mainly from the book amount of financial assets recognized in the individual balance sheet.

The Company's credit risk is mainly concentrated on the Company's largest customers. As of December 31, 2021 and 2022, the ratios of total accounts receivable to total non-related parties from the largest customers were 62% and 33%, respectively.

3. Liquidity risk

The Company has managed and maintained sufficient cash to support operations and reduce the impact of cash flow fluctuations. Our company supervises the use of bank financing limits and ensures compliance with borrowing contract terms.

Bank borrowings are an important source of liquidity for the Company. As of December 31, 2022 and 2021, the Company's unused bank financing limit was NT$ 201,844 thousand and NT$ 183,081 thousand, respectively.

The maturity analysis of the remaining contract of non-derivative financial liabilities is prepared based on the undiscounted cash flow of financial liabilities according to the earliest possible repayment date of the Company.

Non-derivative financial liabilities	Less than 1 year	1 - 3 years	More than 3 years
December 31, 2022			
Non interest-bearing liabilities	$ 997,804	$ -	$ -
Lease liabilities	6,945	7,661	55,851
Floating interest rate instruments	133,839	119,824	10,694
Fixed interest rate instruments	-	350,000	-
	$ 1,138,588	**$ 477,485**	**$ 66,545**
December 31, 2021			
Non interest-bearing liabilities	$ 924,500	$ -	$ -
Lease liabilities	5,986	5,954	56,862
Floating interest rate instruments	60,434	148,012	58,436
Fixed interest rate instruments	-	350,000	-
	$ 990,920	**$ 503,966**	**$ 115,298**

Further information on the maturity analysis of the lease liabilities mentioned above is as follows:

	Less than 1 year	1 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years	More than 20 years
December 31, 2022	**$ 6,945**	**$ 12,760**	**$ 9,341**	**$ 9,341**	**$ 9,341**	**$ 22,729**
December 31, 2021	**$ 5,986**	**$ 10,196**	**$ 9,341**	**$ 9,341**	**$ 9,341**	**$ 24,597**

The amount of floating interest rate instruments for the above non-derivative financial liabilities will be changed due to the difference between the floating interest rate and the estimated interest rate on the balance sheet date.

XXIX. Related party transactions

Except as disclosed in other notes, the transactions between the Company and related parties are as follows:

(I) Name and relationship of related parties

Name of related parties	Relationship with the Company
Kinko HK Company	Subsidiary company
Jinwei Company	Subsidiary company
Hu Shang Company	Subsidiary company
Foshan HuaGuo Optical Co., Ltd. (Foshan HuaGuo Company)	Subsidiary company
Unique Company	Other related parties

(II) Operating revenue

Category/name of related parties	2022	2021
Subsidiary company		
Hu Shang Company	$ 274,830	$ 387,733
Other	2,266	6,417
	$ 277,096	**$ 394,150**

The Company's sales price and collection period for related parties are not significantly different from those of general customers.

(III) Procurement

Category/name of related parties	2022	2021
Subsidiary company		
Foshan HuaGuo Company	$ 315,471	$ 403,477
Other related parties		
Other	1,358	3,045
	$ 316,829	**$ 406,522**

The Company's purchase price and payment period for related parties are not significantly different from those of general manufacturers.

(IV) Manufacturing expenses - processing charges

Category/name of related parties	2022	2021
Subsidiary company		
Foshan HuaGuo Company	**$ 3,075**	**$ 7,076**

(V) Non operating revenue - other revenue

Category/name of related parties	2022	2021
Other related parties		
Other	**$ 371**	**$ 180**

(VI) Other receivables

Category/name of related parties	December 31, 2022	December 31, 2021
Subsidiary company		
Foshan HuaGuo Company	**$ -**	**$ 3,002**

(VII) Accounts payable

Category/name of related parties	December 31, 2022	December 31, 2021
Subsidiary company		
Foshan HuaGuo Company	$ 399,823	$ 377,380
Jinwei Company	340,136	310,346
Other related parties		
Other	133	563
	$ 740,092	**$ 688,289**

The outstanding balance of accounts payable circulating outside has not been guaranteed.

(VIII) Other current liabilities

Category/name of related parties	December 31, 2022	December 31, 2021
Subsidiary company		
Hu Shang Company	$ 49,033	$ 20,716
Kinko Company	9,578	10,084
	$ 58,611	**$ 30,800**

(IX) Endorsement guarantee: please refer to Schedule II for details.

(X) Remuneration of key management

	2022	2021
Short-term employee benefits	**$ 16,305**	**$ 16,219**

The remuneration of directors and other key management personnel is determined by the Remuneration Committee based on individual performance and market trends.

XXX. Assets of pledged mortgage

The following assets have been provided as collateral for bank borrowings, company debt payable, and exchange swap transactions for the purpose of fulfillment:

	December 31, 2022	December 31, 2021
Property, plant and equipment	$ 237,027	$ 265,636
Financial assets measured at amortized cost (bank term deposits)	83,726	78,242
	$ 320,753	**$ 343,878**

XXXI. Significant contingent liabilities and unrecognized contractual commitments

The significant commitments and contingencies of the Company as of the balance sheet date, in addition to those already disclosed elsewhere, are as follows:

Unrecognized contractual commitments

	December 31, 2022	December 31, 2021
Purchase of property, plant and equipment	**$ 10,135**	**$ 3,313**

XXXII. Information on foreign currency assets and liabilities with significant influence

The following information is summarized and expressed in foreign currencies other than the functional currency of the Company. The disclosed exchange rate refers to the exchange rate at which these foreign currencies are converted into functional currencies. The foreign currency assets and liabilities with significant influence are listed below:

Foreign currency assets	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Monetary item						
USD	$ 34,727	30.71	$1,066,480	$ 41,745	27.68	$1,155,502
Japanese Yen	170,345	0.2324	39,588	97,620	0.2405	23,478
non-monetary item						
USD	14,367	30.71	441,223	14,720	27.68	407,448
HKD	441,865	3.938	1,740,064	436,272	3.549	1,548,329
Foreign currency liabilities						
Monetary item						
USD	28,561	30.71	877,103	29,057	27.68	804,297
Japanese Yen	225,553	0.2324	52,419	186,001	0.2405	44,733

Unrealized foreign currency exchange gains and losses with significant impact are as follows:

Functional currency	2022		2021	
	Functional currency exchange for presentation currency	Net exchange (profit) loss	Functional currency exchange for presentation currency	Net exchange (profit) loss
USD	29.805 (USD : NTD)	($ 25,429)	28.009 (USD : NTD)	$ 7,078
Japanese Yen	0.2275 (JPY : NTD)	8,913	0.2554 (JPY : NTD)	8,228
		($ 16,516)		**$ 15,306**

XXXIII. Disclosure of notes

(I) Information related to major transactions:

1. Lending funds to others: Schedule I.
2. Endorsement guarantee for others: Schedule II.
3. Negotiable securities held at the end of the year (excluding investment in subsidiaries, related enterprises and interests in joint ventures): Schedule III.
4. The cumulative amount of buying in or selling out the same negotiable securities reaches NT$ 300 million or 20% or more of the paid in capital: None.
5. The amount of real estate obtained reaches NT$ 300 million or 20% or more of the paid in capital: None.
6. The amount of disposal of real estate reaches NT$ 300 million or 20% or more of the paid in capital: None.
7. The amount of goods purchased and sold with related parties is NT$ 100 million or more than 20% of the paid-in capital: Schedule IV.
8. Receivables from related parties amount to NT$ 100 million or more than 20% of the paid-in capital: Schedule V.
9. Engaging in derivative instrument trading: Note VII.

(II) Information related to reinvestment in businesses: Schedule VI.

(III) Mainland investment information:

1. The name of the invested company in mainland China, its main business items, paid in capital, investment method, repatriation of funds, shareholding ratio, current year's profit and loss, recognized investment profit and loss, year-end investment book amount, repatriated investment profit and loss, and investment limit in mainland China: Schedule VII.
2. The following major transactions, prices, payment terms and unrealized profits and losses occurred directly or indirectly with invested companies in mainland China through the third region:
   (1) Purchase amount and percentage and year-end balance and percentage of related payables: see Note XXIX and Schedule IV.
   (2) Sales amount and percentage and year-end balance and percentage of related receivables: see Note XXIX and Schedule IV.
   (3) Property transaction amount and the amount of profit and loss incurred: None.
   (4) Balance at the end of the year on which the instrument is endorsed as security or provided as collateral and its purpose: Schedule II.
   (5) Maximum balance, balance at the end of the year, interest-rate corridor and total interest in the current year of financial integration: Schedule I.
   (6) Other transactions that have a significant impact on the current year's profit and loss or financial situation, such as the provision or receipt of labor services: see Note XXIX.

(IV) Information on major shareholders: Name, shareholding amount, and proportion of shareholders with an equity proportion of 5% or more: None.

Kinko Optical Co., Ltd.

Lending funds to others

January 1 to December 31, 2022

Schedule I

Unit: Thousands of NTD and foreign currency

No.	Companies lending funds	Loan recipient (Note III)	Current accounts	Related party or not	Maximum balance in the current year	End of year balance	Actual amount of expenditure	Interest-rate corridor (%)	Fund loan and nature	Business transaction amount	Reasons for the necessity of short-term accommodation of funds	Amount of provision for losses	Collateral		Loan and limit for individual object funds (Note I)	Fund loan and total limit (Note I)
													Name	Value		
1	HuaGuo Company	The Company	Other receivables	Yes	$ 304,656	$ 141,102	$ -	-	(Note II)	$ 315,471	(Note II)	$ -	—	$ -	$ 3,455,828 (CNY 783,734)	$ 3,455,828 (CNY 783,734)
2	Kinko HK Company	The Company	Other receivables	Yes	285,360	11,814	6,511 (HKD 1,653)	-	(Note II)	-	(Note II)	-	—	-	3,480,129 (HKD 883,730)	3,480,129 (HKD 883,730)
3	Jinwei Company	The Company	Other receivables	Yes	360,808	343,952	343,938 (USD 11,200)	-	(Note II)	-	(Note II)	-	—	-	680,487 (USD 22,158)	680,487 (USD 22,158)

Note I: The limit and total amount of funds lent by subsidiaries to individual objects are 200% of the net value of the subsidiaries.

Note II: It refers to the transfer of accounts receivable from related parties beyond the normal credit granting deadline for a certain period to other accounts receivable. According to the "Guidelines for the Handling of Fund Loans and Endorsements and Guarantees by Public Companies" and its Q&A set, the Company has submitted a resolution to the Board of Directors to determine whether the economic behavior belongs to the nature of fund loans.

Note III: The related amounts have been offset in the consolidated financial statements.

Kinko Optical Co., Ltd.

Endorsement guarantee for others

January 1 to December 31, 2022

Schedule II

Unit: Thousands of NTD and foreign currency

No.	Endorsement guarantor's company name	Endorsed guarantee object		Endorsement guarantee limit for a single enterprise (Note)	Maximum endorsement guarantee balance of the current year	Endorsement guarantee balance at the end of the year	Actual amount of expenditure	Endorsement guarantee amount guaranteed by property	Ratio of accumulated endorsement guarantee amount to the net value in the latest financial statements	Maximum limit of endorsement guarantee (Note)	Endorsement and guarantee from parent company to subsidiary company	Endorsement and guarantee from subsidiary company to parent company	Endorsement and guarantee for mainland China
		Company name	Relationship										
0	The Company	Foshan HuaGuo Company	Subsidiary company	$ 646,014	$ 184,260 (USD 6,000)	$ 184,260 (USD 6,000)	$ -	$ -	6%	$ 1,615,034	Y	—	Y

Note: The endorsement guarantee limit for individual objects is 20% of net worth, with a maximum limit of 50% of net worth.

Kinko Optical Co., Ltd.

Status of negotiable securities held at the end of the year

December 31, 2022

Schedule III

Unit: NTD Thousands

Shareholding companies	Types and names of marketable securities	Relationship with the issuer of marketable securities	Billed items	Year-end			
				Number of shares (shares)/units	Book amount	Shareholding ratio (%)	Fair values
The Company	TWSE/TPEx listed company stocks						
	Mega Bank	None	Financial assets measured at fair value through other comprehensive income - current	16,675	$ 493	-	$ 493
	TPEx listed company stocks						
	Unique Company	The Company is the corporate director of the Company	Financial assets measured at fair value through other comprehensive income - current	1,130,036	43,789	3	43,789
	Corporate bonds						
	Bonds of Taiwan Semiconductor Manufacturing Company Limited	None	Financial assets measured at fair value through other comprehensive income - current	10,000	27,208	-	27,208

Note: Please refer to Schedules VI and VII for information on investment subsidiaries.

Kinko Optical Co., Ltd.

Purchases (sales) with related parties amounting to at least NT$ 100 million or 20% of the paid-in capital

January 1 to December 31, 2022

Schedule IV

Unit: NTD Thousands

Companies with purchases (sales)	Name of trading partners (Note)	Relationship	Transaction situation				The situation and reasons for the difference between transaction conditions and general transactions		Notes and accounts receivable (payable)	
			Purchases (sales)	Amount	Ratio to total purchases (sales) (%)	Credit period	Unit price	Credit period	Balance	Ratio to total notes and accounts receivable (payable) (%)
The Company	Hu Shang Company	Subsidiary company	Sales revenue	($ 274,830)	(14)	90 days	$ -	—	$ -	-
	Foshan HuaGuo Company	Subsidiary company	Procurement	315,471	31	180 days	-	—	(399,823)	(43)
Hu Shang Company	The Company	Parent company	Procurement	274,830	100	90 days	-	—	-	-
Foshan HuaGuo Company	The Company	Parent company	Sales revenue	(315,471)	(16)	180 days	-	—	399,823	48

Note: The related amounts have been offset in the consolidated financial statements.

Kinko Optical Co., Ltd.

Accounts receivable from related parties amounting to at least NT$ 100 million or 20% of the paid-in capital

December 31, 2022

Schedule V

Unit: NTD Thousands

Companies with accounts receivable (Note)	Name of trading partners	Relationship	Balance of accounts receivable from related parties	Turnover rate (times)	Overdue accounts receivable from related parties		Subsequent recoveries of accounts receivable from related parties	Amount of provision for losses
					Amount	Processing method		
Jinwei Company	The Company	Parent company	$ 340,136	-	$ -	—	$ -	$ -
Foshan HuaGuo Company	The Company	Parent company	399,823	0.81	-	—	35,995	-

Note: The related amounts have been offset in the consolidated financial statements.

Kinko Optical Co., Ltd.

Information about the Investment Company, location, etc.

January 1 to December 31, 2022

Schedule VI

Unit: NTD Thousands

Name of the invested company (Note I)	Name of the investee company	Location	Main business items	Original investment amount		Year-end holdings			(Loss) profit of investee company for the current year	Investment (loss) profit recognized for the current year	Remarks
				End of the current year	End of last year	Number of shares (shares)	Ratio %	Book amount			
The Company	Kinko HK Company	Hong Kong	Import and export of optical lenses	$ 940,924	$ 940,924	164,628,231	100	$ 1,748,534	$ 167,350	$ 167,350	Subsidiary company
	Jinwei Company	Samoa	Import and export of optical lenses	3,469	3,469	100,000	100	340,244	(3,940)	(3,940)	Subsidiary company
	Hu Shang Company	Samoa	Import and export of optical lenses	3,469	3,469	100,000	100	101,033	(6,515)	(6,515)	Subsidiary company

Note I: The related amounts have been offset in the consolidated financial statements.

Note II: Please refer to Schedules VII for information on Mainland investee companies.

Kinko Optical Co., Ltd.
Mainland investment information
January 1 to December 31, 2022

Schedule VII

Unit: Thousands of NTD and USD

Name of the Mainland investee company (Note IV)	Main business items	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the year	Investment amount remitted or recovered during the year		Accumulated investment amount remitted from Taiwan at the end of the year	(Loss) profit of investee company for the current year	Shareholding ratio of the Company's direct or indirect investments	Investment (loss) profit recognized for the current year (Note I)	Book amount of investments at year-end	Investment income remitted for the year ended
					Remitted	Recovered						
Foshan HuaGuo Company (Note II)	Manufacturing and trading of optical lenses	$ 948,604 (USD 28,404)	It establishes companies through third-party investments and reinvests in mainland companies	$ 767,112 (USD 22,765)	$ -	$ -	$ 767,112 (USD 22,765)	$ 168,943	100%	$ 168,943	$ 1,727,914	$ 405,751 (USD 13,232)

Accumulated investment amount remitted from Taiwan to mainland China at the end of this year	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Investment limit to Mainland China according to the Investment Commission of the Ministry of Economic Affairs (Note III)
$ 767,112	$ 940,778 (USD 28,842)	$ 1,938,041

Note I: It is calculated by multiplying the financial statements of the investee company audited by a certified public accountant of the parent company in Taiwan by the shareholding ratio.

Note II: It is a direct reinvestment of the Company through Kinko HK Company.

Note III: The limit is set according to the examination and approval principle for investment or technical cooperation in Mainland China.

Note IV: The related amounts have been offset in the consolidated financial statements.

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Kinko Optical Co., Ltd.

Detailed statement of cash

December 31, 2022

Detailed statement I

Unit: Thousands of NTD and foreign currency

Item	Foreign currency	Exchange rate	Amount in NTD
Cash on hand			$ 70
Bank deposit			
Cheque deposit			5,933
Demand deposit			8,605
Foreign currency demand deposit			
USD	1,636	30.71	50,258
Japanese Yen	123,271	0.2324	28,648
CNY	1,187	4.408	5,233
HKD	5	3.938	20
			98,697
Cash equivalents (investments with original maturity of less than 3 months)			
Time deposit			
USD	605	30.71	18,571
			$ 117,338

Kinko Optical Co., Ltd.

Detailed statement of accounts receivable - net amount of non-related parties

December 31, 2022

Detailed statement II Unit: NTD Thousands

Customer name	Amount
Non-related parties	
Company A	$ 330,159
Company B	75,324
Company C	59,929
Other (Note)	74,831
	540,243
Less: allowance for losses	-
	$ 540,243

Note: The balance of each account does not exceed 5% of the balance of this account.

Kinko Optical Co., Ltd.

Detailed statement of inventory

December 31, 2022

Detailed statement III Unit: NTD Thousands

Item	Cost	Net realizable value
Raw material	$ 58,146	$ 59,535
Work in progress	86,802	128,636
Finished product	60,195	79,790
Inventory in transit	7,112	7,112
Merchandise	2,154	2,156
	214,409	**$ 277,229**
Less: Allowance for inventory depreciation and doubtful losses	(21,906)	
	$ 192,503	

Kinko Optical Co., Ltd.

Detailed statement of investment changes using the equity method

January 1 to December 31, 2022

Detailed statement IV

Unit: NTD Thousands

Name of the investee company	Beginning of the year balance		Investment profits (losses)	Exchange differences on translation of financial statements of foreign operating institutions	Realized profits	End of year balance			Market value or net equity (Note)
	Shares (thousand shares)	Amount				Shares (thousand shares)	Percentage of %	Amount	
Non-TWSE/TPEx listed company stocks									
Kinko Company	164,628	$1,556,708	$ 167,350	$ 24,386	$ 90	164,628	100	$1,748,534	$1,740,064
Jinwei Company	100	310,333	(3,940)	33,851	-	100	100	340,244	340,244
Hu Shang Company	100	97,115	(6,515)	10,433	-	100	100	101,033	101,033
		$1,964,156	**$ 156,895**	**$ 68,670**	**$ 90**			**$2,189,811**	**$2,181,341**

Note: The calculation of net equity is based on the investee company's financial statements audited by CPAs and the Company's shareholding ratio.

Kinko Optical Co., Ltd.

Detailed statement of changes in right-of-use assets

January 1 to December 31, 2022

Detailed statement V

Unit: NTD Thousands

Item	Beginning of the year balance	Increase in the current year	Decrease in the current year	End of year balance
Cost				
Land	$ 55,708	$ 533	($ 533)	$ 55,708
Building	7,728	3,811	(1,429)	10,110
Office equipment	685	-	-	685
Transportation equipment	600	1,773	(600)	1,773
	64,721	**$ 6,117**	**($ 2,562)**	68,276
Accumulated depreciation				
Land	8,651	$ 2,182	($ 533)	10,300
Building	2,916	3,338	(1,429)	4,825
Office equipment	137	118	-	255
Transportation equipment	400	378	(600)	178
	12,104	**$ 6,016**	**($ 2,562)**	15,558
	$ 52,617			**$ 52,718**

Kinko Optical Co., Ltd.

Detailed statement of short-term borrowings

December 31, 2022

Detailed statement VI

Unit: NTD Thousands

Loan type and bank	Loan maturity date	Interest-rate corridor (%)	Loan balance	Mortgage or guarantee
Mortgage borrowings				
Pouchen Branch of Mega International Commercial Bank	2023.4.26	2.05	$ 14,298	Plant and land
Pouchen Branch of Mega International Commercial Bank	2023.5.27	2.05	45,000	Plant and land
			$ 59,298	

Kinko Optical Co., Ltd.

Detailed statement of accounts payable - non-related parties

December 31, 2022

Detailed statement VII

Unit: NTD Thousands

Manufacturer name	Amount
Non-related parties	
Company A	$ 68,000
Company B	43,170
Company C	15,335
Company D	13,396
Company E	12,186
Other (Note)	29,525
	$ 181,612

Note: The balance of each account does not exceed 5% of the balance of this account.

Kinko Optical Co., Ltd.

Detailed statement of other current liabilities

December 31, 2022

Detailed statement VIII

Unit: NTD Thousands

Item	Amount
Advance receipts	$ 61,885
Other	569
	$ 62,454

Kinko Optical Co., Ltd.

Detailed statement of corporate bonds payable

January 1 to December 31, 2022

Detailed statement IX

Unit: NTD Thousands

Category	Trustee institution	Period	Repayment of principal and interest method	Annual interest rate (%)	Total issuance amount	Amount repaid or unexecuted conversion	Balance			Guarantee situation
							Due within 1 year	Due after 1 year	Total	
Domestic Second Guaranteed Convertible Bonds	Bank SinoPac	2021.8.13-2024.8.13	(Note)	-	$ -	$ -	$ -	$ 350,000	$ 350,000	Bank guarantee
Less: discount on corporate bonds payable					-	-	-	(5,077)	(5,077)	
					$ -	**$ -**	**$ -**	**$ 344,923**	**$ 344,923**	

Note: According to Article 5 of the "Regulations Governing the Issuance and Conversion of Domestic Second Guaranteed Convertible Bonds", the coupon rate of this convertible corporate bond is 0%, so there is no need to set the interest payment date and method. Except for the bondholders convert the bonds into the Company's ordinary stock in accordance with Article 10 of the "Regulations Governing the Issuance and Conversion of Domestic Second Guaranteed Convertible Bonds", or call them back early in accordance with Article 17, or exercise the right to sell them back in accordance with Article 18, or the Company buys the cancelled bonds back from the securities dealer's office, the Company will repay the bonds in cash at face value within 10 business days from the day after the maturity of the bonds. The conversion price on December 31, 2022 is NT$ 33.9.

Kinko Optical Co., Ltd.
Detailed statement of long-term bank loans
December 31, 2022

Detailed statement X

Unit: NTD Thousands

Creditor	Loan period	Repayment method	Annual interest rate (%)	Due within 1 year	Due after 1 year	Total	Mortgage or guarantee
Mortgage borrowings							
Pouchen Branch of Mega International Commercial Bank	2017.7.19-2024.7.19	Since October 2017, there will be one installment per quarter, with an average amortization of 28 installments	2.05	$ 2,857	$ 2,143	$ 5,000	Land and plant
	2017.7.19-2024.7.19	Since October 2017, there will be one installment per quarter, with an average amortization of 28 installments	2.05	1,429	1,071	2,500	Land and plant
	2017.9.4-2022.9.4	Since December 2017, there will be one installment per quarter, with an average amortization of 20 installments	1.39	-	-	-	Land and plant
	2020.7.20-2027.6.15	Since July 2022, there will be one installment per month, with 60 installments to repay the principal. The first installment will repay the principal of NT$ 401 thousand, and the second installment will repay the principal of NT$ 369 thousand	1.43	4,428	15,498	19,926	Land and plant
	2020.9.21-2027.6.15	Since July 2022, there will be one installment per month, with an average amortization of 60 installments	1.43	601	2,105	2,706	Land and plant
	2020.10.20-2027.6.15	Since July 2022, there will be one installment per month, with 60 installments to repay the principal. The first installment will repay the principal of NT$ 114 thousand, and the second installment will repay the principal of NT$ 100 thousand	1.43	1,200	4,200	5,400	Land and plant
	2020.11.20-2027.6.15	Since July 2022, there will be one installment per month, with 60 installments to repay the principal. The first installment will repay the principal of NT$ 85 thousand, and the second installment will repay the principal of NT$ 75 thousand	1.43	900	3,150	4,050	Land and plant
	2020.6.29-2025.6.15	Since July 2020, there will be one installment per month, with 60 installments to repay the principal. The first installment will repay the principal of NT$ 1,366 thousand, and the second installment will repay the principal of NT$ 1,080 thousand	1.43	12,960	19,440	32,400	Machine
	2020.7.16-2025.6.15	Since August 2020, there will be one installment per month, with 59 installments to repay the principal. The first installment will repay the principal of NT$ 282 thousand, and the second installment will repay the principal of NT$ 236 thousand	1.43	2,832	4,248	7,080	Machine
	2020.7.23-2025.6.15	Since August 2020, there will be one installment per month, with 59 installments to repay the principal. The first installment will repay the principal of NT$ 299 thousand, and the second installment will repay the principal of NT$ 260 thousand	1.43	3,120	4,680	7,800	Machine

Creditor	Loan period	Repayment method	Annual interest rate (%)	Due within 1 year	Due after 1 year	Total	Mortgage or guarantee
	2020.12.21-2025.6.15	Since January 2021, there will be one installment per month, with 54 installments to repay the principal. The first installment will repay the principal of NT$ 399 thousand, and the second installment will repay the principal of NT$ 368 thousand	1.43	4,416	6,624	11,040	Machine
	2020.12.31-2025.6.15	Since January 2021, there will be one installment per month, with 54 installments to repay the principal. The first installment will repay the principal of NT$ 67 thousand, and the second installment will repay the principal of NT$ 67 thousand	1.43	804	1,206	2,010	Machine
	2022.1.20-2025.6.15	Since February 2021, there will be one installment per month, with 53 installments to repay the principal. The first installment will repay the principal of NT$ 165 thousand, and the second installment will repay the principal of NT$ 136 thousand	1.43	1,632	2,448	4,080	Machine
	2021.1.20-2025.6.15	Since February 2021, there will be one installment per month, with 53 installments to repay the principal. The first installment will repay the principal of NT$ 62 thousand, and the second installment will repay the principal of NT$ 51 thousand	1.43	612	918	1,530	Machine
	2021.2.20-2025.6.15	Since March 2021, there will be one installment per month, with 52 installments to repay the principal. The first installment will repay the principal of NT$ 66 thousand, and the second installment will repay the principal of NT$ 46 thousand	1.43	552	828	1,380	Machine
				38,343	68,559	106,902	
Credit borrowings							
Taipei Fubon Commercial Bank	2020.8.20-2025.8.20	Repayment after 2 years in 36 equal installments	1.24	16,666	27,778	44,444	
	2020.9.18-2025.9.18	Repayment after 2 years in 36 equal installments	1.24	12,267	21,467	33,734	
	2020.9.29-2025.9.18	Repayment after 2 years in 36 equal installments	1.24	2,645	4,629	7,274	
	2020.10.29-2025.9.18	Repayment after 2 years in 36 equal installments	1.24	4,620	8,085	12,705	
				36,198	61,959	98,157	
				$ 74,541	**$ 130,518**	**$ 205,059**	

Kinko Optical Co., Ltd.

Detailed statement of lease liabilities

December 31, 2022

Detailed statement XI

Unit: NTD Thousands

Item	Lease period	Discount rate (%)	Amount
Land	2013.12.19-2023.12.31	1.73	$ 46,912
Building	2016.10.1-2026.10.14	1.73	6,543
Office equipment	2018.7.1-2026.8.31	1.73	508
Transportation equipment	2019.8.1-2022.7.31	1.73	1,614
			55,577
Less: portion due within 1 year			(5,439)
			$ 50,138

Kinko Optical Co., Ltd.

Detailed statement of operating income

January 1 to December 31, 2022

Detailed statement XII

Unit: NTD Thousands

Item	Quantity (Thousand PCS)	Amount
Production and sales revenue		
Optical lenses	15,174	$ 675,470
Optical lens	64,148	1,256,228
Other		25,278
		1,956,976
Processing revenue		2,904
Service revenue		1,685
		1,961,565
Less: Sales returns		(12,607)
Discount on sales		(1,636)
		$ 1,947,322

Kinko Optical Co., Ltd.

Detailed statement of operating costs

December 31, 2022

Detailed statement XIII

Units: In thousands of NTD, unless otherwise stated

Name		Amount
Raw materials at the beginning of the year	$	54,323
Incoming materials for the current year		747,253
Other	(	40,432)
Raw materials at the end of the year	(	58,146)
Direct raw material costs		702,998
Direct labor		412,794
Manufacturing expenses		467,586
Manufacturing costs		1,583,378
In-products at the beginning of the year		109,261
In-products at the end of the year	(	86,802)
Other	(	20,874)
Cost of finished products		1,584,963
Finished products at the beginning of the year		66,580
Finished products at the end of the year	(	60,195)
Other	(	17,413)
Production and sales costs		1,573,935
Inventory of merchandise at the beginning of the year		1,812
Merchandise procurement for the current year		278,186
Inventory of merchandise at the end of the year	(	9,266)
Other	(	2,886)
Cost of operation		**$ 1,841,781**

Kinko Optical Co., Ltd.

Detailed statement of operating expenses

January 1 to December 31, 2022

Detailed statement XIV

Unit: NTD Thousands

Item	Marketing expenses	Management expenses	Research and development expenses
Salary	$ 5,987	$ 42,864	$ 35,666
Inventory test collection	25	-	37,441
Depreciation	29	14,448	24,660
Insurance premium	990	5,546	3,750
Other	34,740	50,868	15,600
	$ 41,771	**$ 113,726**	**$ 117,117**