Stock Code: 3149

正達國際光電股份有限公司

G-Tech Optoelectronics Corp.

2022 Annual Report

Printed on 10 May, 2022

Query URL for this annual report:

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Notice to readers

The English version annual report is a summary translation of the Chinese version and is not an official document of the shareholder's meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

I. Company Spokesperson and Deputy Spokesperson Information:

Spokesperson: Chiu, Huo-Sheng
Title: Vice President
Telephone: 037-236988
Email address: ir@gtoc.com.tw

Deputy Spokesperson: Wu, Tai-Chiou
Position: Finance, accounting and corporate governance supervisor
Telephone: 037-236988
Email address: ir@gtoc.com.tw

II. Headquarter and Factory:

Headquarter address: No. 99, Zhongxing Road, Tongluo Township, Miaoli County 366
Factory address:
Plant II: No. 99, Zhongxing Road, Tongluo Township, Miaoli County 366
Plant III: No. 87, Zhongxing Road, Tongluo Township, Miaoli County 366
STSP Plant: No. 6, Section 2, Huandong Road, Xinshi District, Tainan City
Telephone: 037-236988
Fax: 037-236929

III. Stock Transfer Agency:

Name: Grand Fortune Securities
Address: 6F., No. 6, Section 1, Zhongxiao West Road, Zhongzheng District, Taipei City 100
Telephone: 02-2371-1658
Website: http://www.gfortune.com.tw

IV. CPAs for the Latest Financial Report:

Name: CPA Chen, Tsung-Che, CPA Chi, Shi-Ching
Firm: KPMG
Address: 68F., No. 7, Section 5, Xinyi Road, Taipei City 110
Telephone: 02-81016666
Website: http://www.kpmg.com.tw

V. Overseas Securities Listing and Trading Agency Name and Information Query Method: None.

VI. Company website: http://www.gtoc.com.tw

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Chapter 1. Letter to Shareholders

Passion and confidence

In 2022, COVID-19 recurred from time to time. China adopted zero-tolerance and lock-down policies, which constantly impacted the supply chain and transportation system. Moreover, the Russia-Ukraine conflicts procured raising of global raw materials prices. As a result, inflation remained at a high level. Besides, the Central Banks of different countries increased their interest rate to a greater extent or launched strategies for narrowing scope of the balance sheet. As financial economy tightened, the market was full of concern about economic recession. Under the economic environment with so many uncertainties, the Company still maintains its original intention for developing core glass processing technologies. It remains committed to collecting, analyzing and evaluating market information. It continuously invests resources in developing product technologies and strengthens in-depth cooperation among upstream and downstream customers. When appropriate, it adjusts its products, production lines and supply chain according to market in hope of understanding market changes and controlling costs and for the purpose of mitigating economic losses and making profits.

With the rise of new technologies such as the internet of things, artificial intelligence and 5G networks, touch screens are constantly being developed for factory control, automobile, smart home, education, healthcare and other various applications, which are exactly the directions for the Company's product development. The products extend from glass processing of consumer electronics to TP module services. Moreover, the coating technologies are applied across products, including optoelectronics, healthcare and buildings. The customers have also gradually extended from earlier LCM and industrial control plants to end customers of sports products, vehicle-borne products and buildings.

It seems to be a trend of development that intelligent vehicles are supported by global awareness of environmental protection and policies of different countries. Concerning integrated non-flat glass products for interior vehicle decoration, the Company has successfully developed instrument panels, central control systems, multimedia voice systems, rearview mirrors, displays and touch control products. In terms of lamination technologies, the Company has been able to make a piece of large 3D glass highly bent, with both shiny and foggy surfaces, 1D and 3D surfaces. It uses simple, safe, creative, beautiful, durable and light protective glass. The Company upholds designing products with arc or multi-curved surfaces, to fully display quality of glass processing. The ratio of the Company’s vehicle-borne products also rose from 7.5% in 2021 to 21.2% in 2022. These products have become major niche products. Future product development directions are as follows:

1. Develop special optical automobile windshield films for application in HUD or mixed reality
2. Develop transparent electrochromic conductive films for vehicle skylights.
3. Develop low-cost and high-efficiency hot forming furnaces for 3D dimensional glass.

Global inflation, Russia-Ukraine war, epidemic recurrence and some other factors caused decrease of the Company's operating revenues and drastic increase in the operating costs in 2022, as a result of which the Company suffered operating losses. Thus, the Company actively adjusted the product mix to increase the sales ratio of niche products. In addition, it mitigated its losses from changing production lines by leveling production. The Company also strictly controlled its inventories and cut expenses to decrease the operating costs, in hope of mitigating operating losses in face of uncertain risks under economic environment. Besides, the Company negotiated about medium and long-term financing to address its investment costs necessary for investment plans and development costs, in hope of relieving its pressure from working capital, increasing liquidity/quick ratio and improving its financial structure. I, on behalf of the management team, would like to make efforts and encouragement with all the staff and sincerely appreciate all shareholders giving G-tech the most powerful confidence and support. The support of all shareholders is the greatest encouragement to the management team. Thank you!

Chairman

Chung, Chih-Ming

Chapter 2. Company Introduction

I. Date of establishment: June 27, 1996

II. Company history

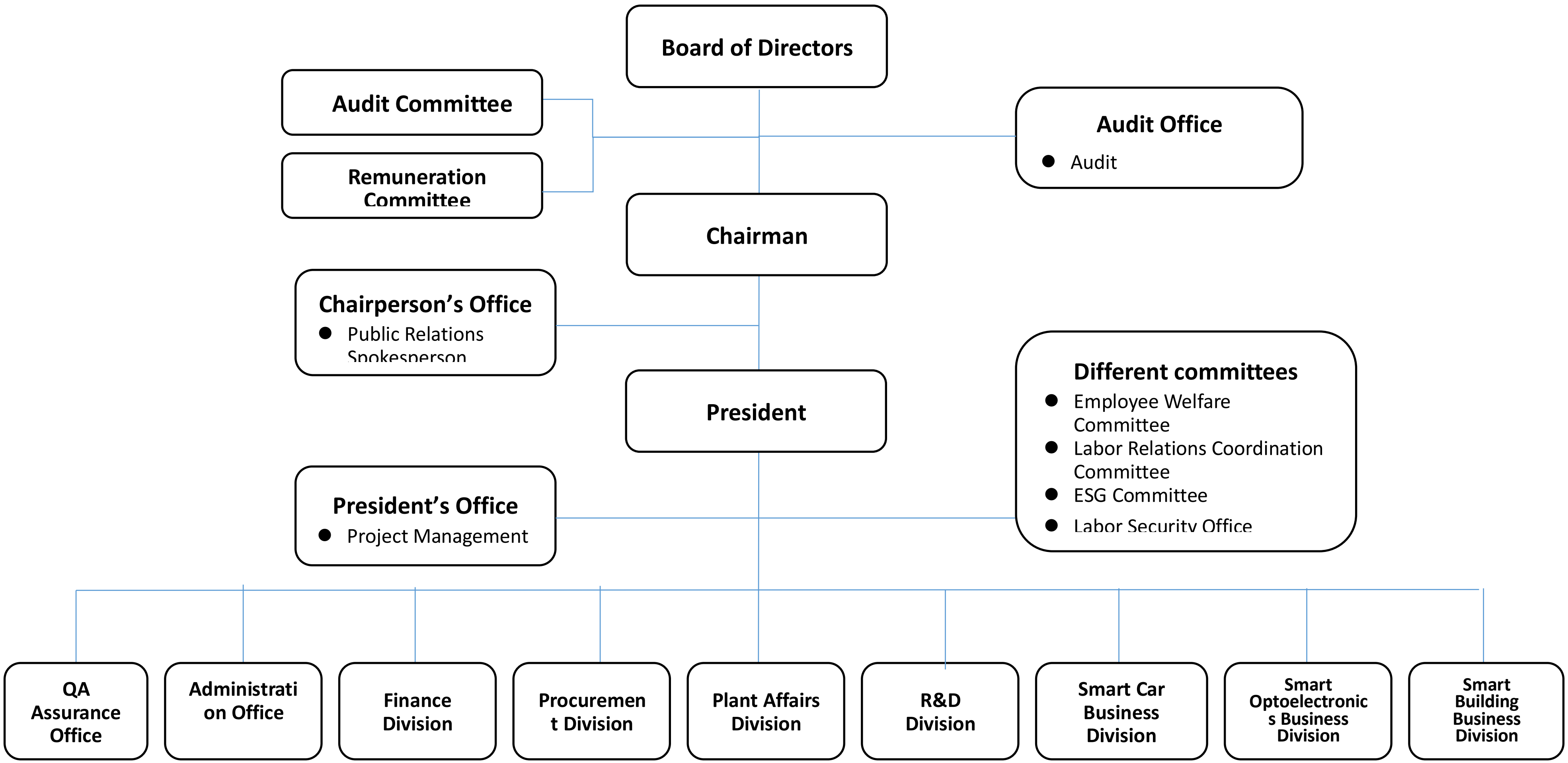
June	1996	Established G-TECH Glass Co., Ltd. with the capital of NT$26 million. Chung, Jung-Hua served as the 1st chairman of the board and the company engaged in traditional architectural glass processing.
April	1998	Led the industry to introduce one physical strengthening furnace from Germany and one chemical strengthening furnace from Italy to engage in optical glass strengthening business.
December	1999	To respond to the booming development of the flat panel display market and to establish a glass cutting production line.
March	2000	Entered into a joint venture agreement with RITEK CORPORATION, under which, each party held 50% of shares.
June	2000	Mounted grinders and commenced processing and trial production of Grade STN glass substrates.
July	2000	Renamed as Positive Technology Glass Co., Ltd. and expanded factory construction. The new factory construction was completed in October in the same year.
November	2000	Set up the third and the fourth glass cutting production lines
April	2001	The grinder was increased to 86
May	2001	Changed the name to G-TECH Optoelectronics Corporation, and implemented the plant extension construction.
August	2001	Cooperated with foreign companies on the R&D of large-scale thin-plate glass polishing technology. Planned development of TFT-LCD optoelectronic glass cutting, grinding and production technologies.
November	2001	Obtained the ISO-9001 2000 International Quality Assurance certification.
January	2002	Participated in supplemental public offering.
July	2002	Obtained certifications for TFT-LCD optoelectronic glass cutting products/technologies.
November	2002	Started mass production and delivery of TV-LCD protective glass.
December	2002	Obtained product/technology certifications for TFT-LCD optoelectronic glass grinding.
May	2004	Registered on the emerging stock market.
May	2007	Successfully developed TFT PANEL thinning products.
October	2007	Acquired ordinary shares of NT$ 700 million via private placement and invested by HONG HAI GROUP as a placee. The paid-in capital was up to NT$ 1.27229 billion and HONG HAI GROUP held 42% of the shares.
December	2007	The construction of the new TFT glass thinning factory was completed.

January	2008	Reinvest Hongda Photo-electric Glass (Dongguan) Co., Ltd. through a third place.
March	2008	Introduced the physical TFT-LCD thinning process.
May	2008	Introduced the reinforced glass manufacturing process. Obtained the polishing pad dressing work ring patent.
September	2008	Introduced the 5th generation TFT-LCD panel polishing, ultra-speed glass cutting and edging processes.
February	2009	The construction of the new ITO glass coating factory was completed.
December	2009	Entered Tainan Science Park and established Tainan Science Park branch.
December	2010	Set up Miaoli Plant as the head office. Establishment of the subsidiary Ruizhida (Shenzhen) in Mainland China.
November	2011	Stock IPO.
February	2012	3D forming glass production line trial production. Establishment of the subsidiary Ruizhida (Chengdu) in Mainland China.
March	2012	Installed machines and put the new anti-reflection coating production line into trial production.
October	2012	Announced to enter the automotive market with 3D forming glass.
March	2013	With the establishment of a Green Building Business, G-TECH announced its return to the architectural glass market.
July	2013	Start construction of the Miaoli Plant 3 (green building processing plant).
January	2014	Entered into a strategic alliance with Corning to produce 3D forming glass.
August	2014	Green Building Glass Processing Plant mass production.
December	2014	Mobile phone 3D forming glass screen protector mass production.
August	2016	Capital reduction to make up for losses.
February	2017	Applied the intelligent energy-saving photochromic glass jointly developed by Positive and KTI (U.S.) in advanced intelligent families.
November	2018	The smart energy-saving color-changing glass developed with Kinestral Technologies Inc. officially went into mass production and entered the European and American markets.
April	2019	The Green Building Business Office obtained a large-scale BOT development project in Xinzhuang Fuduxin of New Taipei City for i-Tower to provide energy-conserving curtain wall glass.
March	2020	Formally developed processes for large 3D automobile glass.
January	2021	Being certified strictly by European and American car manufacturers and 1st tier, mass production of large-scale 3D automobile glass has begun.
January	2022	Put the second type of 3D automobile glass into mass production and sold them to Europe
May	2022	Handled the cash capital increase of NT$170,000,000 and the paid-in capital after the capital increase was NT$2,233,936,000.

Chapter 3. Corporate Governance Report

I. Organizational system

(I) Organizational Structure



(II) Business Operations of Key Divisions

Divisions	Main Responsibilities
Chairperson's Office	Implement the resolutions of the shareholders meeting/board of directors and supervise the Company's operating policies.
Audit Office	Audit implementation of rules and offer opinions for improving the Board of Directors, supervisors and management.
President's Office	Draft the Company's operating policies and manage the Company's overall business plan, control and execution; perform internal organizational coordination, management and other businesses.
Labor Security Office	Supervise environmental safety and audit labor safety; promote and supervise projects.
QA Assurance Office	Establish the Company's quality management system and control quality assurance; promote continuous improvement, coordinate and organize customer audit; assist in dealing with customer complaints, confirm causes of quality defects and suggest countermeasures; execute inspection standards for quality defects in different premises of the Company and assure quality; establish and implement ISO9001 systems.
Administration Office	1. Human resource development and general affairs management, promote corporate culture and employee service systems, and coordinate company strategy development for the organizational planning and allocation of appropriate human resources. 2. Create, maintain and manage the Company's global information system; construct safety control, firewall and other related mechanisms; connect global network communication systems for the Company; take charge of ERP, EIP and CIM, etc.
Accounting Division	Build a good financial structure; effectively plan and manage corporate funds and foreign exchange; manage matters about corporate accounting and taxes; coordinate, prepare and control corporate budgets; perform analyses necessary for management; perform import, export, customs and bonded operations; handle stock affairs and make legal declarations and announcements; plan and hold meetings of the Board of Directors, shareholders' meetings and related meetings.
Procurement Division	In charge of the Company's procurement management and adjusting the procurement strategy according to the industry conditions, selecting appropriate suppliers and outsourcing vendors, procuring materials and outsourced products at reasonable prices, and maintaining appropriate quality standards.
Plant Affairs Division	In charge of plant equipment operation and maintenance, plant air conditioning, power and fire protection system maintenance, plant room inspections, executing repair orders from various units, project implementation and execution, implementation of environmental protection related matters and improving energy-conservation systems for the plants.
R&D Division	Establishing new product development strategies and directions and studying the application and development of related emerging technologies and materials.

Smart Car Business Division	1. Global production capacity as well as product process control and management; production quality control and improvement as well as production plan execution and progress control; and improving production efficiency, formulating production operation standards, mastering production conditions, reducing anomalies, and seeking improvement methods for poor quality. 2. In charge of marketing, formulating market price strategies and product direction plans; promoting domestic and foreign product sales; and conducting market surveys on product quality services, prices, delivery opinions, and other feedback. Collecting and integrating global market information and development, and implementing product sales and market promotion plans to meet the goals set by the annual operation plan. 3. Establishing a quality management system for the Company and implementing quality assurance control operations, advocating continuous improvement efforts, and promoting and managing the creation and execution of various quality systems.
Smart Optoelectronics Business Division	1. Responsible for raw materials and consumables related commerce. 2. Responsible for optoelectronic products related commerce. 3. Responsible for project operations related commerce.
Smart Building Business Division	Execute plans for market development, production, process management and quality control of glass products and keep informative about the progress; formulate production standards, increase production efficiency, understand production situation, decrease anomalies, improve quality, render after-sales services and maintain customer relations.

II. Data of the directors, supervisors, presidents, vice presidents, assistant managers, and executives of divisions and branches

(I) Directors and supervisors

April 26, 2023

Title	Nationality or registration area	Name	Gender Age	Date elected (appointed)	Tenure	Date first elected	Shareholding at the time of election		Current shareholding		Current shareholding by spouse or minor children		Shares held under the name of others		Major career (academic) background	Concurrent positions in the Company or other companies	Other heads, directors or supervisors who are spouses or relatives of second degree			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relations	
Chairman	Republic of China	Chung, Chih-Ming	Male 51-60	June 18, 2020	3 years	June 24, 1996	7,140,062	3.46%	4,428,464	2.15%	1,072,879	0.52%	-	-	Department of Optoelectronics, National United University President of Chin Ming Glass Co., Ltd. Legal representative of the chairman of Hongda Photoelectric Glass (Dongguan) Co., Ltd. Director of Well State Optoelectronics Limited Legal representative of the chairman of Brave Advance International Corp.	President of G Tech Optoelectronics Chairman of Fast Achievement Global Ltd.	—	—	—	Note 1
Director (Note 1)	Republic of China	Hongyuan International Investment Co., Ltd.	-	June 18, 2020	3 years	October 5, 2007	15,728,165	7.62%	15,728,165	7.62%	—	—	—	—	—	—	—	—	—	
	Republic of China	Representative: Lin, Shih-Chang	Male 61-70 years old				—	—	—	—	—	—	—	—	Department of Civil Engineering, National Chung Kung University Chief Engineering Director of Taiwan High Speed Rail Corporation Vice president of Continental Engineering Corporation	Special Assistant to the President of Hon Hai Precision Inc. Co., Ltd.	—	—	—	
Director	Republic of China	Hsiao, Jen-Liang	Male 41-50	June 18, 2020	3 years	June 22, 2005	1,011,784	0.49%	1,011,784	0.49%	—	—	—	—	Bachelor of International Business, Tunghai University	Supervisor of Teh Tai Steel Co., Ltd. Chairman of Guang Liang Metals Industrial Co., Ltd. Chairman of Kuang Liang Paper Co., Ltd.	—	—	—	
Director	Republic of China	Wang, Kuo-Hung	Male 51-60 years old	June 18, 2020	3 years	June 12, 2012	240,000	0.12%	240,000	0.12%	—	—	—	—	William Rainey Harper College (Business School)	Chairman of Chen Pang Blind Industrial Corporation Legal representative of the director of Sinbon Electronics Co., Ltd. Supervisor of Tang Silk Co., Ltd.	—	—	—	
Independent director	Republic of China	Huang, Kuo-Shih	Male 51-60 years old	June 18, 2020	3 years	December 19, 2007	—	—	—	—	—	—	—	—	Department of Accounting, National Taiwan University Passed the CPA exam Committee member of CPA Associations R.O.C. (Taiwan) Partner CPA of PwC Taiwan Supervisor of HOLA Chairman of Miyuan Lehuo Co., Ltd. Independent director of Chimei Materials Technology Corp.	Chairman of Come Tree International Co., Ltd. Independent director and Remuneration Committee member of SHUTTLE INC. Independent director and Remuneration Committee member of Better Life Group Co., LTD. Independent director and Remuneration Committee member of TRUST-SEARCH	—	—	—	
Independent director	Republic of China	Wu, Chun-Feng	Male 51-60 years old	June 18, 2020	3 years	June 14, 2017	—	—	—	—	—	—	—	—	Graduated from the Department of Communication Management, Shih-Hsin University. Manager of The Liberty Times (Taoyuan Hsinchu Miaoli Districts) Vice President of Winbond Advertising Co., Ltd.	Owner of Jingcheng Advertising Co., Ltd. Vice President of Winbond Advertising Co., Ltd.	—	—	—	

Title	Nationality or registration area	Name	Gender Age	Date elected (appointed)	Tenure	Date first elected	Shareholding at the time of election		Current shareholding		Current shareholding by spouse or minor children		Shares held under the name of others		Major career (academic) background	Concurrent positions in the Company or other companies	Other heads, directors or supervisors who are spouses or relatives of second degree			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relations	
Independent director	Republic of China	Yang, Ming-Ssu	Male 51-60 years old	June 18, 2020	3 years	June 18, 2020	—	—	—	—	—	—	—	—	Secretary-General/Deputy Secretary-General of Shanghai University of Finance and Economics, Taiwan Alumni Association Director & Deputy Secretary-General of Shanghai University of Finance and Economics, Shanghai Alumni Association Academic Advisor of New Taipei City Industrial Elite Consultant Free Clinic Advanced Service Team Executive Secretary of Cross-Strait Financial Securities Summit Forum Project Head of Information Service Department and manager of Data Application Department and Project Management Department for Fubon Financial Holdings Special lecturer for National Taipei University of Business, Shih Chien University, and China University of Technology Executive Director/Project Chief Executive of Chinese Elite Club	Part-time lecturer for Chihlee University of Technology Associate professor of Fuzhou Institute of Technology Remuneration committee member of Leader Electronics Inc. Remuneration committee member of Huang Hsiang Construction				

Note 1: Resigned on December 27, 2022

Note 2: Where the chairman and the president or a person equal in position (top manager) are the same person, spouses or relatives within the first degree of kinship, explain the reason, rationality, necessity and countermeasures (for instance, increase the number of independent directors. In addition, there shall be over half of directors who are not employees or managers):

After the president of the Company retired on July 31, 2018, the chairman was appointed to act as the president upon prudent evaluation by the Board of Directors. Apart from increasing the management benefits, this resolution also improved communication efficiency and executive power of decision-making for resolution policies of the Company's Board of Directors. However, for corporate governance, more independent directors will be appointed at the 2023 director reelection. Besides, it will remain that over half of the members of the Board of Directors are not employees or managers, in order to improve roles of the Board of Directors and increase benefits of supervision.

At present, the Company has formulated the following specific measures:

(1) At present, independent directors comprised of financial accounting and industry specialists who can provide industry outlook-related advice and effectively perform accounting supervision functions.

(2) In addition to cooperating with the requirements for continuous education for directors and supervisors every year, directors are also arranged to participate in the annual corporate governance forum in order to enhance the board of directors' performance.

1. Major shareholders of corporate shareholders:

April 23, 2023

Names of corporate shareholders	Major shareholders of corporate shareholders
HON YUN INTERNATIONAL INVESTMENT CO., LTD.	Hon Hai Precision Inc. Co., Ltd. (100%)

2. Major shareholders of major corporate shareholders:

April 23, 2023

Names of corporate shareholders	Major shareholders of corporate shareholders	
Hon Hai Precision Inc. Co., Ltd. (Note)	Terry Gou	12.57%
	Citibank Hosting Government of Singapore Investment Accoun -GOS-EFMC	2.78%
	New Labor Pension Fund	1.64%
	LGT Bank AG	1.20%
	JPMorgan Chase Hosting Vanguard Developing Markets Index Fund	1.19%
	JPMorgan Chase Bank Hosting Vanguard STAR Developed Markets Index Fund	1.14%
	Citibank Hosting Norges Bank Investment Account	1.06%
	Citibank Hosting Hon Hai Precision Industry Co., Ltd. Depositary Receipts Account	1.06%
	Yuanta Taiwan Excellence 50 in custody with CTBC Bank	0.89%
	Standard Chartered Bank's iShares Emerging Markets ETF Investment Account	0.82%

Note: Data on the members' register of Hon Hai Precision Inc. Co., Ltd. on April 2, 2023 (the closing date).

3. Disclosure of information on directors' professional qualifications and independent directors' independence

Name \ Condition	Professional qualification and experience	Independence	Number of listed companies where the person concurrently serves as independent director
Chung, Chih-Ming	With more than 5 years of work experience in the optoelectronics/glass industries and necessary for the Company's businesses. Ever served as President of Chin Ming Glass Co., Ltd., legal representative of the President of Hongda Photoelectric Glass (Dongguan) Co., Ltd., director of Well State Optoelectronics Limited and legal representative of the President of Brave Advance International Corp.; Currently act as Chairman and President of Fast Achievement Global Ltd. and Chairman of Fast Achievement Global Ltd. None of the conditions listed in Article 30 of Company Act.	(1) Not a director, supervisor or employee of a corporate shareholder of the Company which directly holds more than 5% of the Company's total issued shares, holds TOP5 shares or appoints a representative to serve as a director or supervisor of the Company according to Article 27-1 or 27-2 of the Company Act. (2) Not a director of the Company or a director, supervisor or employee of another company with more than half of voting shares under common control. (3) Not a director (committee member), supervisor, manager or shareholder holding more than 5% of shares in any company or organization which has financial or business relations with the Company. (4) Not a professional, or a owner, partner, director (committee member), supervisor, manager or spouse of any commercial, legal, financial, accounting or related service provider which provides the Company or its affiliates with auditing services or has cumulatively earned remuneration of no more than NT$ 500,000 in the most recent two years. (5) Not a spouse or relative of second degree of other directors. (6) Not elected in the capacity of government, corporation or their legal representative as stipulated by Article 27 of the Company Act.	None
Hongyuan International Investment Co., Ltd. Representative: Lin, Shih-Chang (Note 1)	With more than 5 years of work experience in businesses/civil engineering and necessary for the Company's businesses. Ever served as Chief Engineering Director of Taiwan High Speed Rail Corporation, President of Continental Engineering Corporation; currently acts as Special Assistant to the President of Hon Hai Precision Inc. Co., Ltd. None of the conditions listed in Article 30 of Company Act.	(1) Not an employee of the Company or its affiliate. (2) Neither holding over 1% of the Company's total issued shares in person or in the name of his spouse, minor child or anyone else, nor a TOP10 natural person holding the most shares. (3) Not a manager listed in (1) or a spouse, a relative within the second degree of kinship or a direct blood relative within the third degree of kinship listed in (2). (4) Not a director, supervisor or employee of a corporate shareholder of the Company which directly holds more than 5% of the Company's total issued shares, holds TOP5 shares or appoints a representative to serve as a director or supervisor of the Company according to Article 27-1 or 27-2 of the Company Act. (5) Not a director of the Company or a director, supervisor or employee of another company with more than half of voting shares under common control. (6) Not a director, president or a person in equal position in the Company, or whose spouse is not a director (committee member), supervisor (director) or employee of another company or organization. (7) Not a director (committee member), supervisor, manager or shareholder holding more than 5% of shares in any company or organization which has financial or business relations with the Company. (8) Not a professional, or a owner, partner, director (committee member), supervisor, manager or spouse of any commercial, legal, financial, accounting or related service provider which provides the Company or its affiliates with auditing services or has cumulatively earned remuneration of no more than NT$ 500,000 in the most recent two years. (9) Not a spouse or relative of second degree of other directors.	None
Hsiao, Jen-Liang	With more than 5 years of work experience in businesses and necessary for the Company's businesses. Currently serve as supervisor of Supervisor of Teh Tai Steel Co., Ltd., Chairman of Guang Liang Metals Industrial Co., Ltd. and Chairman of Kuang Liang Paper Co., Ltd. None of the conditions listed in Article 30 of Company Act.	(1) Not an employee of the Company or its affiliate. (2) Neither holding over 1% of the Company's total issued shares in person or in the name of his spouse, minor child or anyone else, nor a TOP10 natural person holding the most shares. (3) Not a manager listed in (1) or a spouse, a relative within the second degree of kinship or a direct blood relative within the third degree of kinship listed in (2). (4) Not a director, supervisor or employee of a corporate shareholder of the Company which directly holds	None

<table>
<tr><th>Name / Condition</th><th>Professional qualification and experience</th><th>Independence</th><th>Number of listed companies where the person concurrently serves as independent director</th></tr>
<tr><td>Wang, Kuo-Hung</td><td>With more than 5 years of work experience in businesses/electronics and necessary for the Company’s businesses.
Currently serve as Chairman of Chen Pang Blind Industrial Corporation, legal representative of the director of Sinbon Electronics Co., Ltd. and supervisor of Tang Silk Co., Ltd.
None of the conditions listed in Article 30 of Company Act.</td><td>more than 5% of the Company’s total issued shares, holds TOP5 shares or appoints a representative to serve as a director or supervisor of the Company according to Article 27-1 or 27-2 of the Company Act.
(5) Not a director of the Company or a director, supervisor or employee of another company with more than half of voting shares under common control.
(6) Not a director, president or a person in equal position in the Company, or whose spouse is not a director (committee member), supervisor (director) or employee of another company or organization.
(7) Not a director (committee member), supervisor, manager or shareholder holding more than 5% of shares in any company or organization which has financial or business relations with the Company.
(8) Not a professional, or a owner, partner, director (committee member), supervisor, manager or spouse of any commercial, legal, financial, accounting or related service provider which provides the Company or its affiliates with auditing services or has cumulatively earned remuneration of no more than NT$ 500,000 in the most recent two years.
(9) Not a spouse or relative of second degree of other directors.
(10) Not elected in the capacity of government, corporation or their legal representative as stipulated by Article 27 of the Company Act.</td><td>None</td></tr>
<tr><td>Huang, Kuo-Shih</td><td>With more than 5 years of work experience in finance, accounting and businesses as well as those necessary for the Company’s businesses; a professional who has passed the CPA exam and obtained the CPA certificate.
Ever served as Audit Committee member of Committee member of CPA Associations R.O.C. (Taiwan), partner CPA of PwC Taiwan, supervisor of HOLA, Chairman of Miyuan Lehuo Co., Ltd. and independent director of Chimei Materials Technology Corp.
Currently the chairman of Come Tree International Co., Ltd., independent director of SHUTTLE INC., independent director of Better Life Group Co., LTD. and independent director of TRUST-SEARCH.
None of the conditions listed in Article 30 of Company Act.</td><td rowspan="2">(1) Not an employee of the Company or its affiliate.
(2) Not a director or supervisor of the Company or its affiliate.
(3) Neither holding over 1% of the Company’s total issued shares in person or in the name of his spouse, minor child or anyone else, nor a TOP10 natural person holding the most shares.
(4) Not a manager listed in (1) or a spouse, a relative within the second degree of kinship or a direct blood relative within the third degree of kinship listed in (2) and (3).
(5) Not a director, supervisor or employee of a corporate shareholder of the Company which directly holds more than 5% of the Company’s total issued shares, holds TOP5 shares or appoints a representative to serve as a director or supervisor of the Company according to Article 27-1 or 27-2 of the Company Act.
(6) Not a director of the Company or a director, supervisor or employee of another company with more than half of voting shares under common control.
(7) Not a director, president or a person in equal position in the Company, or whose spouse is not a director (committee member), supervisor (director) or employee of another company or organization.
(8) Not a director (committee member), supervisor, manager or shareholder holding more than 5% of shares in any company or organization which has financial or business relations with the Company.
(9) Not a professional, or a owner, partner, director, supervisor, manager or spouse of any commercial, legal, financial, accounting or related service provider which provides the Company or its affiliates with auditing services or has cumulatively earned remuneration of no more than NT$ 500,000 in the most</td><td>3</td></tr>
<tr><td>Wu, Chun-Feng</td><td>With more than 5 years of work experience in businesses and necessary for the Company’s businesses.
Ever served as manager of The Liberty Times (Taoyuan Hsinchu Miaoli Districts)
Currently act as Vice President of Winbond Advertising Co., Ltd.
None of the conditions listed in Article 30 of Company Act.</td><td>None</td></tr>
</table>

Name \ Condition	Professional qualification and experience	Independence	Number of listed companies where the person concurrently serves as independent director
Yang, Ming-Ssu	With more than 5 years of work experience in businesses and necessary for the Company's businesses. Successively served as Secretary-General of Shanghai University of Finance and Economics, Taiwan Alumni Association, Director & Deputy Secretary-General of Shanghai University of Finance and Economics, Shanghai Alumni Association, Academic Advisor of New Taipei City Industrial Elite Consultant Free Clinic Advanced Service Team, Executive Secretary of Cross-Strait Financial Securities Summit Forum Project, Head of Information Service Department and manager of Data Application Department and Project Management Department for Fubon Financial Holdings, Executive Director/Project Chief Executive of Chinese Elite Club Special lecturer for National Taipei University of Business, Shih Chien University, and China University of Technology; Currently acts as a part-time lecturer for Chihlee University of Technology, associate professor of Fuzhou Institute of Technology, a remuneration committee member of Leader Electronics Inc., and a remuneration committee member of Huang Hsiang Construction None of the conditions listed in Article 30 of Company Act.	recent two years. (10) Not a spouse or relative of second degree of other directors. (11) Not elected in the capacity of government, corporation or their legal representative as stipulated by Article 27 of the Company Act.	None

Note 1: Resigned on December 27, 2022

4. Independence and diversity of the Board of Directors

Policy and objective for diversifying the Board of Directors:

Directors of the Company shall be elected by the candidate nomination system as specified in the Articles of Incorporation and with reference to Article 20 of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies. The election shall not be subject to gender, age, race and nationality. In addition, professional backgrounds, skills and industrial experience suitable for diversified development of the Company shall be taken into account in the election. To achieve ideal goals of corporate governance, the Board of Directors, as a whole, shall be capable of making judgments, accounting, dealing with financial affairs, carrying out business management, handling crises, mastering industry knowledge, holding international market perspectives, demonstrating leadership skills and making decisions.

Realization of the objective for keeping the Board of Directors independent and diversified:

The 11th Board of Directors of the Company has 7 members, including 3 independent directors (43%). With professional backgrounds in business, optoelectronics, civil engineering, finance and accounting, the directors have professional abilities in terms of operations management, leadership, decision-making, business judgment, crisis handling, industry knowledge and international market perspectives, which are diverse and complementary to each other. One director also acts as manager of the Company, and 14% of directors are employees of the Company. All members of the Board of Directors are Taiwanese, whose age ranges within 41~70.

Diverse projects		Basic conditions						Professional backgrounds/industry experiences				Professional abilities				
		Gender	Nationality	Age	Independent directors' term of office and seniority			Businesses	Legal affairs	Accounting	Industries related to the Company's businesses	Business management, leadership and decision-making	Business judgment and crisis handling	Accounting and financial analysis abilities	Industry knowledge	International market perspectives
					Less than 3 years	3~9 years	More than 9 years									
Chairman	Chung, Chih-Ming	Male	Republic of China	51-60	NA			V			V	V	V		V	V
Corporate director's representative (Note 1)	Lin, Shih-Chang			61-70				V			V	V	V		V	V
Director	Hsiao, Jen-Liang			41-50				V			V	V	V		V	V
Director	Wang, Kuo-Hung			61-70				V			V	V	V		V	V
Independent director	Huang, Kuo-Shih			51-60			V	V	V	V	V	V	V	V	V	V
Independent director	Wu, Chun-Feng			51-60		V		V				V	V		V	V
Independent director	Yang, Ming-Ssu			51-60	V			V		V	V	V	V		V	V

Note 1: Resigned on December 27, 2022

Note 2: After the president of the Company retired on July 31, 2018, the chairman was appointed to act as the president upon prudent evaluation by the Board of Directors. Apart from increasing the management benefits, this resolution also improved communication efficiency and executive power of decision-making for resolution policies of the Company's Board of Directors. However, for corporate governance, more independent directors will be appointed at the 2023 director reelection. Besides, it will remain that over half of the members of the Board of Directors are not employees or managers, in order to improve roles of the Board of Directors and increase benefits of supervision.

At present, the Company has formulated the following specific measures:

(1) At present, independent directors comprised of financial accounting and industry specialists who can provide industry outlook-related advice and effectively perform accounting supervision functions.

(2) In addition to cooperating with the requirements for continuous education for directors and supervisors every year, directors are also arranged to participate in the annual corporate governance forum in order to enhance the board of directors' performance.

Reason for electing an independent director for 3 terms of office: Huang, Kuo-Shih has acted as the Company's independent director for 3 terms, in consideration that he is an finance professional, familiar with related laws and regulations, professionally experienced in corporate governance, able to create significant benefits for the Company, still capable of bringing his special skills into play and offering professional opinions on supervision of the Board of Directors in performing his duties as an independent director. Hence, in re-electing directors in 2020, CPA Huang, Kuo-Shih was still nominated to act as the Company's independent director.

(II) Data of the presidents, vice presidents, assistant managers, and executives of divisions and branches

May 10, 2023

Title (Note 1)	Nationality	Name	Gender	Inauguration date	Number of shares held		Shareholdings by spouse or minor children		Shares held under the name of others		Major career (academic) background (Note 2)	Current employment with other companies	Managers who are spouses or relatives of second degree			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relations	
Chairman and President	Republic of China	Chung, Chih-Ming	Male	August 10, 2018	4,406,464	1.96%	1,072,879	0.52%	—	—	Department of Optoelectronics, National United University President of Chin Ming Glass Co., Ltd. Legal representative of the chairman of Hongda Photoelectric Glass (Dongguan) Co., Ltd. Director of Well State Optoelectronics Limited Legal representative of the chairman of Brave Advance International Corp.	Chairman of G Tech Optoelectronics Chairman of Fast Achievement Global Ltd.				
Vice president and spokesperson	Republic of China	Chiu, Huo-Sheng	Male	May 1, 2011	109,202	0.05%	—	—	—	—	Completed the MBA Credit Program of Tamkang University Syntek Semiconductor Co., Ltd. Plant Director/Business Department Assistant Manager/Spokesperson Winbond Electronics Section Chief	Head of G Tech Optoelectronics, Southern Taiwan Science Park Branch Legal representative of the chairman of Golden Start Global Corp Legal representative of the chairman of Charmtex Global Corp	—	—	—	
Vice President	Republic of China	Wang, Yao-Chang	Male	August 1, 2018	176,827	0.08%	—	—	—	—	Electronic Engineering, Vanung University Senior CCPBG Manager of Hon Hai Deputy Manager of Hedi Optoelectronics Deputy Manager of Prodisc Technology Inc. Section chief of PENTAX	Ruizhida Optoelectronics (Chengdu) Co., Ltd. Chairperson and President	—	—	—	
Assistant Manager	Republic of China	Huang, Yung-Cheng	Male	February 1, 2013	125,524	0.06%	—	—	—	—	College of Engineering, National Central University Deputy Project Manager of GENESIS TECHNOLOGY INC. Project Manager of SKY GLORY CONSULTANTS LIMITED	—	—	—	—	
Assistant Manager	Republic of China	Hsu, Hsien-Yi	Male	March 7, 2008	113,873	0.05%	1,145	0.00%	—	—	Department of Electrical Engineering, Yuan Ze University Manager of Production, R&D, and Technology departments for Merck KGaA	—	—	—	—	
Assistant Manager (R&D	Republic of China	Tsai, Tsung-Tien	Male	December 23, 2019	89,317	0.04%	—	—	—	—	Master of Optoelectronics, National Central University Chief Engineer of MERCK DISPLAY	—	—	—	—	

Title (Note 1)	Nationality	Name	Gender	Inauguration date	Number of shares held		Shareholdings by spouse or minor children		Shares held under the name of others		Major career (academic) background (Note 2)	Current employment with other companies	Managers who are spouses or relatives of second degree			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relations	
Director)											TECHNOLOGIES LTD. Deputy Manager of Xin'an Liangxin					
Assistant Manager	Republic of China	Wang, Ju-Wen	Male	March 1, 2021	128,100	0.06%	—	—			Department of Printing, Chinese Culture University Manager of Hitto International INC.	—	—	—	—	
Assistant Manager	Republic of China	Lin, Hsing-Chiao	Male	March 1, 2021	31,988	0.01%	—	—			Department of Mechanical Engineering, Yuan Ze University Director of Chen Yu Optoelectronic Deputy Director of Henghao Technology	—	—	—	—	
Assistant Manager (Note 2)	Republic of China	Hung, Yu-Te	Male	March 1, 2021	11,2647	0.05%	—	—			Department of Mechanical Engineering, National Kaohsiung University of Science and Technology Section Chief of Epson Taiwan Technology & Trading Ltd. Section Chief of Powertip Technology Corporation	—	—	—	—	
Assistant Manager (Financial, Accounting and Corporate Governance Officers)	Republic of China	Wu, Tai-Chiu	Male	February 26, 2018	12,539	0.01%	—	—	—	—	MBA of Hawaii Pacific University (U.S.) Chang Chun Plastics Co., Ltd. Foreign risk management team, internal audit	Ruizhida Optoelectronics (Chengdu) Co., Ltd. Supervisor	—	—	—	

Note 1: If the Company chairman, president, or equivalent title holder (top manager) is the same person or a spouse or relative within the first degree of kinship, please explain information related to the reason, rationality, necessity, and corresponding measures (for example, increasing the number of independent directors whereby over half of the directors have never con-currently served as employees or managers):

After the Company's president retired on July 31, 2018, the chairperson of the board of directors was appointed after careful evaluation by the board of directors to concurrently serve as the president. This resolution has not only strengthened operating efficiency in recent years, it has also improved the policy decision and decision-making execution efficiency for the Company's board of directors. However, to implement corporate governance, the Company has planned to increase the number of independent directors in the future and to ensure over half of the members of the board of directors are not employees or managers in order to enhance the functions of the board of directors and strengthen the effectiveness of supervision.

At present, the Company has formulated the following specific measures:

(1) At present, independent directors comprised of financial accounting and industry specialists who can provide industry outlook-related advice and effectively perform accounting supervision functions.

(2) In addition to cooperating with the requirements for continuous education for directors and supervisors every year, directors are also arranged to participate in the annual corporate governance forum in order to enhance the board of directors' performance.

Note 2: Dismissed on January 12, 2023

III. Remunerations paid to directors, supervisors, president, and deputy general manager during the most recent year

(I) Remuneration for directors (including independent directors)

Unit: NT$ thousand; %

Title	Name	Director remuneration								The ratio accounted for by the total amount of A, B, C and D to the net profit after tax		Related remuneration received by part-time employees								The ratio accounted for by the total amount of A, B, C, D, E, F and G to the net profit after tax		Remuneration received from invested companies other than the subsidiaries and the parent company
		Remuneration (A)		Severance payment and pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Salaries, bonuses, special expenses, etc. (E)		Severance payment and pension (F)		Remuneration to employees (G)						
																The Company		All companies in the financial report				
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in the financial report	
Chairman	Chung, Chih-Ming	432	432	0	0	0	0	0	0	-0.14	-0.14	5,521	5,521	0	0	0	0	0	0	-1.89	-1.89	None
Director	Hongyuan International Investment Co., Ltd.	0	0	0	0	0	0	0	0	0.00	0.00	0	0	0	0	0	0	0	0	0.00	0.00	None
	Representative Lin, Shih-Chang	432	432	0	0	0	0	15	15	-0.14	-0.14	0	0	0	0	0	0	0	0	-0.14	-0.14	None
Director	Hsiao, Jen-Liang	432	432	0	0	0	0	20	20	-0.14	-0.14	0	0	0	0	0	0	0	0	-0.14	-0.14	None
Director	Wang, Kuo-Hung	432	432	0	0	0	0	20	20	-0.14	-0.14	0	0	0	0	0	0	0	0	-0.14	-0.14	None
Independent director	Huang, Kuo-Shih	432	432	0	0	0	0	60	60	-0.16	-0.16	0	0	0	0	0	0	0	0	-0.16	-0.16	None
Independent director	Wu, Chun-Feng	432	432	0	0	0	0	60	60	-0.16	-0.16	0	0	0	0	0	0	0	0	-0.16	-0.16	None
Independent director	Yang, Ming-Ssu	432	432	0	0	0	0	60	60	-0.16	-0.16	0	0	0	0	0	0	0	0	-0.16	-0.16	None

1. Clarify the policy, rule, standard and structure for paying remuneration to the independent directors; the independent directors' duties, risks, start time of employment and other factors; as well as their connections with the remuneration amount:
   Independent directors' remuneration shall be determined according to the Company's Articles of Incorporation. Directors' remuneration shall include transportation fees, business operation expenses and surplus distribution. After the Company's remuneration for directors has been reviewed by the Remuneration Committee according to the Company's Articles of Incorporation, the Board of Directors is authorized to set the salaries for the directors based on their participation in the Company's operations, contribution value, as well as the industry standards. The remuneration distribution standard for surplus distribution to directors is based on the Company's Articles of Incorporation, which shall be submitted to the board of directors for review and be issued after it has passed the shareholders' meeting resolution. Since 2020, the Company has cooperated with Financial Supervisory Commission to promote the new Corporate Governance Blueprint and self (or peer) review is performed by the Board of Directors using Performance Appraisal Methods for the Board of Directors and Functional Committees, in order to increase remuneration linkage.
2. In addition to the disclosure listed in the table above, the remuneration received by the Company directors for services provided to all companies mentioned in the financial report in the most recent year: none.

(II) Remuneration for supervisors: N/A

(III) Remuneration for president and vice presidents

Unit: NT$ thousand; %

Title	Name	Salary (A)		Severance payment and pension (B)		Bonuses, special expenses, etc. (C)		Remuneration to employees (D)				The ratio accounted for by the total amount of A, B, C and D to the net profit after tax (%)		Remuneration received from invested companies other than the subsidiaries and the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Chung, Chih-Ming	5,059	5,059	0	0	461.5	461.5	0	0	0	0	-1.75	-1.75	None
Vice President	Chiu, Huo-Sheng	1,659	1,659	102.6	102.6	138.1	138.1	0	0	0	0	-0.60	-0.60	None
Vice President	Wang, Yao-Chang	1,802	1,802	102.6	102.6	223.6	223.6	0	0	0	0	-0.67	-0.67	None

(IV) Remunerations for the top five highest paid executives of the Company

Unit: NT$ thousand; %

Title	Name	Salary (A)		Severance payment and pension (B)		Bonuses, special expenses, etc. (C)		Remuneration to employees (D)				The ratio accounted for by the total amount of A, B, C and D to the net profit after tax (%)		Remuneration received from invested companies other than the subsidiaries and the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Chung, Chih-Ming	5,059	5,059	0	0	461.5	461.5	0	0	0	0	-1.75	-1.75	None
Vice President	Chiu, Huo-Sheng	1,659	1,659	102.6	102.6	138.1	138.1	0	0	0	0	-0.60	-0.60	None
Vice President	Wang, Yao-Chang	1,728	1,728	102.6	102.6	223.6	223.6	0	0	0	0	-0.65	-0.65	None
Senior Assistant Manager	Hsu, Hsien-Yi	2,309	2,309	108	108	288.6	288.6	0	0	0	0	-0.86	-0.86	None
Senior Assistant Manager	Lin, Hsing-Chiao	1,710	1,710	102.6	102.6	142.4	142.4	0	0	0	0	-0.62	-0.62	None

(V) Names of the managers who have been paid the employee remuneration and distribution in the most recent years:

As of the end of 2022, the Company's aggregate losses had amounted to NT$ 1,440,223 thousand, and no employee was paid remuneration.

(VI) Comparatively analyze the ratio between the total remuneration paid by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, presidents and vice presidents in the most recent years and the net profit after tax; clarify how the remuneration payment policies, standards and combinations as well as the remuneration determination procedures are associated with the business performance and future risks.

1. Analysis of the ratio between the total remuneration paid to the Company's directors, supervisors, presidents and vice presidents in the most recent two years and the net profit after tax in the standalone financial statements:

Year / Item	2021		2022	
	The Company	All companies in the financial report	The Company	All companies in the financial report
Total remuneration to directors	3,023	3,023	3,259	3,259
Ratio of after-tax net profit accounted for by the total remuneration amount paid to directors	(2.503)%	(2.503)%	(1.030)%	(1.030)%
Total supervisor remuneration	0	0	0	0
Ratio of after-tax net profit accounted for by the total remuneration amount paid to supervisors	-	-	-	-
Total remuneration for president and vice presidents	12,929	12,929	9,548	9,548
Ratio of after-tax net profit accounted for by the total remuneration amount paid to the president and vice presidents	(10.703)%	(10.703)%	(3.03)%	(3.03)%

2. Connections of remuneration payment policies, standards and combinations as well as remuneration determination procedures with business performance and future risks:

(1) Directors and supervisors

Directors' remuneration shall include transportation fees, business operation expenses, and surplus distribution. After the Company's remuneration for directors has been reviewed by the Remuneration Committee according to the Company's Articles of Incorporation, the Board of Directors is authorized to set the salaries for the directors based on their participation in the Company's operations, contribution value, as well as the industry standards. The remuneration distribution standard for surplus distribution to directors is based on the Company's Articles of Incorporation, which shall be submitted to the board of directors for review and be issued after it has passed the shareholders meeting resolution.

(2) President and vice presidents

The remuneration for the presidents and vice presidents include salary, employee bonuses, employee stock options and new restricted shares for subscription. The salaries are determined based on the contributions to the Company and with reference to the industry standards. The employee bonuses are distributed in accordance with the Articles of Incorporation. The remuneration is always distributed after it is submitted to the Board of Directors or the shareholders' meeting for approval by resolution after submission for review by the Remuneration Committee. The

issuance standards for employee stock options and new restricted shares for subscription shall be evaluated based on contributions to the Company and its future development. The total remuneration paid to the presidents and vice presidents in 2021and 2022 amounted to NT$ 12,929 thousand and NT$ 9,548 thousand respectively, which accounted for (10.703)% and (3.03)% of the net losses after tax amounting to NT$ 120,795 thousand in 2021 and the net losses after tax amounting to NT$ 315,593 thousand in 2022 respectively.
Above all, the Company's remuneration policies for its directors, presidents and vice presidents as well as its remuneration determination procedures are reasonable.

IV. Situation of Corporate Governance

(I) Board of directors' operation status

In the most recent year (2022), the Board of Directors held 5 (A) meetings, where the directors' attendance is as follows:

Title	Name	No. of actual attendances (in nonvoting capacity) (B)	No. of attendances by proxy	Actual attendance rate in nonvoting capacity (%) (B/A)	Remarks
Chairman	Chung, Chih-Ming	5	0	100%	
Director	Hongyuan International Investment Co., Ltd. Representative: Lin, Shih-Chang	3	2	60%	Resigned on December 27, 2022
Director	Hsiao, Jen-Liang	4	1	80%	
Director	Wang, Kuo-Hung	4	1	80%	
Independent director	Huang, Kuo-Shih	5	0	100%	
Independent director	Wu, Chun-Feng	5	0	100%	
Independent director	Yang, Ming-Ssu	5	0	100%	

Other matters to be recorded:

1. Under any of the circumstances of the Board of Directors, specify the meeting date of the Board of Directors, session number, proposal content, all independent directors' opinions as well as the responses to such opinions:

   (1) Issues listed in Article 14-3 of the Securities and Exchange Act:

Board of directors meeting date and period	Agenda	All independent director opinions	Handling of independent directors' opinions by the Company
2022.03.21 11th term 14th meeting	Proposal on the base date of capital increase in cash and related agendas of the Company in 2021.	Passed by all independent directors without objection	NA
	Proposal on formulating the Company's 2021 measures for retaining the employees' subscription by capital increase in cash and distributing the subscribed shares to the senior managers	Passed by all independent directors without objection	NA
May 10, 2022 11th term 15th meeting	Proposal for the Company to issue new shares for capital increase in cash.	Passed by all independent directors without objection	NA
	Proposal for the Company's execution of private placement of common shares.	Passed by all independent directors without objection	NA
	Proposal to amend part of articles of the Company's "Procedures for Election of Directors."	Passed by all independent directors without objection	NA
	Proposal to amend some articles of the Company's "Assets Acquisition or Disposal Handling Procedures".	Passed by all independent directors without objection	NA
August 9, 2022 11th term 16th meeting	Proposal for the Company to amend certain clauses of the Administrative Measures for Engagement in Derivative Transactions.	Passed by all independent directors without objection	NA
November 8, 2022 11th term 17th meeting	Proposal for the Company to amend certain clauses of the Administrative Measures for the Rules of Procedure for the Board of Directors.	Passed by all independent directors without objection	NA

Board of directors meeting date and period	Agenda	All independent director opinions	Handling of independent directors' opinions by the Company
2022.12.27 11th term 18th meeting	Proposal by the Company to collaborate with KPMG's internal rotation and change the financial report audit CPA.	Passed by all independent directors without objection	NA

(2) In addition to the preceding matters, other resolution items of the board of directors meeting with dissenting or qualified opinions from independent directors that have been recorded or declared in writing: None.

2. In case of recusal of directors due to conflict of interest, the directors' names, the content of the proposals, the reasons for the recusal and the circumstances of their participation in voting must be noted:

Director	Board of directors meeting date and period	Agenda	For interest avoidance	Participation in voting
Chung, Chih-Ming Chairman	2022.03.21 14th meeting, 11th term	Proposal on formulating the Company's 2021 measures for retaining the employees' subscription by capital increase in cash and distributing the subscribed shares to the senior managers	The director who didn't participate acts as President of the Company because of interest	The director didn't participate in voting and the proposal was passed with the approval of all other directors present
	2022.12.27 18th meeting, 11th term	Estimated amount of the Company's year-end bonus to be distributed in 2022		

3. On November 11, 2021, the Board of Directors of our company approved the "Performance Evaluation Measures for the Board of Directors and Functional Committees." It stipulates that the Board of Directors should conduct performance evaluations at least once a year for the Board of Directors, board members, Compensation Committee, and Audit Committee. Internal evaluations should be conducted at the end of each fiscal year in accordance with these measures. The performance evaluation for the Board of Directors and Functional Committees for the year 2022 was completed in January 2023 and submitted to the Board of Directors on March 10, 2023.

Evaluation cycle	Execute once per year			
Evaluation period	From January 1, 2022 to December 31, 2022			
Evaluation scope	Self evaluations of the Board of Directors, its members and functional committees			
Evaluation method	Board of Directors	Members of the Board of Directors	Audit Committee	Remuneration Committee
Evaluation content	A. Degree of participation in the Company's operations B. Improvement of the quality of the board of directors' decision making C. Composition and structure of the board of directors D. Selection and continuing education of directors. E. Internal control	A. Degree of participation in the Company's operations B. Improvement of the quality of the board of directors' decision making C. Composition and structure of the board of directors D. Selection and continuing education of directors E. Internal control	A. Degree of participation in the Company's operations B. Recognition of the Audit Committee's responsibilities C. Improvement of the quality of the Audit Committee's decision-making D. Composition and member selection of the Audit Committee E. Internal control	A. Degree of participation in the Company's operations B. Recognition of the Salary and Remuneration Committee's responsibilities C. Improvement of the quality of the Salary and Remuneration Committee's decision-making D. Composition and member selection of the Salary and Remuneration

				Committee
Evaluation results	29 “excellent (5)” items and 16 “good (4) items. This suggests that the Board of Directors performed its duties with due diligence for guiding and supervising the Company’s strategies, material businesses and risk management; the Board of Directors was capable of establishing an appropriate internal control system, its overall operations were relatively sound and satisfied the requirements for corporate governance.	1 “excellent (5)” item and 22 “good (4)” items. This suggests that the directors positively commented on the efficiency and effectiveness of all index operations.	17 “excellent (5) items and 5 “good (4)” items. This suggests that the overall operations of the Audit Committee were relatively sound, satisfied the requirements for corporate governance and effectively enhanced roles of the Board of Directors.	16 “excellent (5) items and 5 “good (4)” items. This suggests that the overall operations of the Remuneration Committee were relatively sound, satisfied the requirements for corporate governance and effectively enhanced roles of the Board of Directors.

4. Objectives of enhancing roles of the Board of Directors in the current year and the most recent years (for instance, building the Audit Committee and increasing information transparency) and performance of evaluations:

(1) The Company has fully re-elected the board of directors at the general shareholders’ meeting and established an Audit Committee on June 18, 2020, in accordance with regulations to replace the authority of the supervisors and strengthen the functions of the board of directors.

(2) The information on the directors’ continuing education in 2022 is as follows:

Title	Name	Training date	Course name	Hours of continuing education
Independent director	Huang, Kuo-Shih	March 7, 2022	Business Tax Declaration Key Points and Questions	7
		May 17, 2022	Analysis on fight for the Company’s management rights and legal disputes	3
		June 27, 2022	Introduction of the anti-money laundering act	3
		July 26, 2022	Corporate restructuring practices and cases	3
		August 15, 2022	Propaganda and introduction of company registration practices	3
		August 24, 2022	International anti-avoidance and CFC	3
		September 12, 2022	Risk-oriented internal audit	3
Director	Wang, Kuo-Hung	July 22, 2022	Net zero trend: practical observation of ESG decisions of the Board of Directors (1st)	3
		July 22, 2022	Net zero trend: practical observation of ESG decisions of the Board of Directors (2nd)	3
Independent director	Yang, Ming-Ssu	August 26, 2022	Common disputes among the shareholders’ meetings, directors and Board of Directors in practices	3
		August 30, 2022	Practices of corporate governance and independent directors’ operations	3

(II) Operating status of the Audit Committee or supervisors’ involvement in operation of the board of directors:

Operations of the Audit Committee:

(1) Duties of the Audit Committee:
Duties and authorities of the committee are as follows:
① Formulated or amended the internal control system according to Article 14-1 of the Securities Exchange Act.

② Evaluated effectiveness of the internal control system.
③ Formulated or amended the procedures for material financial business practices (including acquiring or disposing of assets, engaging in derivative transactions or offering endorsement or guarantee to others) according to Article 36-1 of the Securities Exchange Act.
④ Matters on the directors' interests.
⑤ Material asset or derivative transactions.
⑥ Material fund lending, endorsement or guarantee.
⑦ Raising, issuance or private placement of negotiable securities with natures of equity.
⑧ Appointment, dismissal or remuneration of CPAs.
⑨ Appointment and removal of financial, accounting or internal audit executives.
⑩ Annual and semi-annual financial statements signed or sealed by the chairman, managers and accounting executives.
⑪ Material matters specified by other companies or competent authorities.

(2) Information on Audit Committee's operation status:
In the most recent year (2022), the Audit Committee held 5 (A) meetings, where the independent directors' attendance is as follows:

Title	Name	No. of actual attendances (in nonvoting capacity) (B)	No. of attendances by proxy	Actual attendance rate in nonvoting capacity (%) (B/A)	Remarks
Independent director	Huang, Kuo-Shih	5	0	100%	None
Independent director	Wu, Chun-Feng	5	0	100%	None
Independent director	Yang, Ming-Ssu	5	0	100%	None

Other matters to be recorded:

1. Under any of the following circumstances of the Audit Committee, specify the meeting date, session number, proposal content, independent directors' objections, qualified opinions or major suggestions, resolution results of the Audit Committee, and responses to the opinions of the Audit Committee:
   (1) Issues listed in Article 14-5 of the Securities and Exchange Act:

Audit Committee date, period	Agenda	Independent directors' objections, reservations or material suggestions	Audit Committee's resolution results and the Company's response to independent directors' opinions
March 21, 2022 1st term 11th meeting	Proposal on 2021 business reports and financial statements.	None	The Audit Committee members unanimously approved all proposals, and the board of directors approved all proposals in accordance with the recommendations of the Audit Committee.
	The Company's 2021 proposal for "evaluating effectiveness of the internal control system" and "statement of the internal control system".		
	The Company does not intend to further execute the proposal for private placement of ordinary shares approved by the 2021 general shareholders' meeting.		
	Proposal on the base date of capital increase in cash and related agendas of the Company in 2021.		
	Proposal on formulating the Company's 2021 measures for retaining the employees' subscription by capital increase in cash and distributing the subscribed shares to the senior managers.		
May 10, 2022 1st term	Proposal for the Company to issue new shares for capital increase in cash.		

Audit Committee date, period	Agenda	Independent directors' objections, reservations or material suggestions	Audit Committee's resolution results and the Company's response to independent directors' opinions
12th meeting	Proposal for the Company's execution of private placement of common shares.		
August 9, 2022 1st term 13th meeting	Proposal for the Company to dispose of idle production equipment.		
	Proposal for the Company to amend certain clauses of the Administrative Measures for Engagement in Derivative Transactions (FP72-0005-G).		
November 8, 2022 1st term 14th meeting	Proposal for the Company to amend certain clauses of the Administrative Measures for the Rules of Procedure for the Board of Directors (FP51-0006-G).		
2022.12.27 1st term 15th meeting	2023 internal audit plan.		
	Proposal on base date of issuing employee stock options in exchange for new shares of the Company for capital increase in Q4, 2022		
	Proposal by the Company to collaborate with KPMG's internal rotation and change CPAs auditing financial statements.		

(2) In addition to the aforementioned matters, other matters that have not been approved by the Audit Committee but approved by over two-thirds of all directors: none.

2. In case of recusal of independent directors due to conflict of interest, the independent directors' names, the content of the proposals, the reasons for the recusal and the circumstances of their participation in voting must be noted: None.

3. Independent directors' communications with internal audit executives and accountants (which shall include the material matters communicated about the Company's financial or business conditions, communication methods and results, etc.):

(1) Policies for communicating with internal audit executives:

Monthly: the audit organization shall perform audit according to the Internal Control Audit Plan approved by the board of directors and the audit committee. After presentation of the audit results for verification, the Internal control audit report shall be delivered to the independent directors for review.

Quarterly: the audit supervisor shall attend the Audit Committee meeting to report the audit businesses to the Audit Committee.

Annual: the audit supervisor shall attend the Audit Committee meeting to draft and determine the next year's Annual Internal Control Audit Plan according to risk evaluation results; prepare the preceding year's Self-appraisal Report on Internal Audit and Statement on Internal Control System based on departments' self-inspection results of their internal control rules.

(2) Information on communications with internal audit executives:

Date	Communication methods	Communicated matters	Suggestions and results
2022.03.21	Informal discussions before a meeting	Reviewed the Company's 2021 proposal for "evaluating effectiveness of the internal control system" and "statement of the internal control system". Reviewed the Company's report on auditing in Q4, 2021.	Known, without opinion. Approved by the Review Committee upon review and presented to the board of directors.
May 11, 2022	Informal discussions before a meeting	Reviewed the Company's report on auditing in Q1, 2022.	Known, without opinion.
August 9, 2022	Informal discussions before a meeting	Reviewed the Company's report on auditing in Q2, 2022.	Known, without opinion.
November 8, 2022	Informal discussions before a meeting	Reviewed the Company's report on auditing in Q3, 2022.	Known, without opinion.
2022.12.27	Informal discussions before a meeting	Reviewed the Company's 2023 internal audit plan. Amended the Company's "Internal Control Audit Implementation Rules"	Known, without opinion. Approved by the Review Committee upon review and presented to the board of directors.

4. Information on communications between independent directors and accountants:

(1) Communication policies
Governance matters quarterly audited or reviewed by the Company's certified public accountants in respect of the Company's consolidated financial reports (annual reports, including standalone financial reports), information reported to the Audit Committee, and other matters communicated as required by other pertinent laws and regulations.

(2) Information on communication

Date	Communication methods	Communicated matters	Suggestions and results
2022.03.21	Audit Committee	Reviewed the Company's evaluation report on improvement of financial reports prepared by itself. Reviewed the proposal on 2021 business reports and financial statements.	Known, without opinion. Approved by the Review Committee upon review and presented to the board of directors.
2022.5.11	Audit Committee	Reviewed the Company's consolidated financial statements for Q1, 2022.	Known, without opinion.
2022.8.9	Audit Committee	Reviewed the Company's consolidated financial statements for Q2, 2022.	Known, without opinion.
2022.11.8	Audit Committee	Reviewed the Company's consolidated financial statements for Q3, 2022.	Known, without opinion.
2022.12.27	Audit Committee	Reviewed the Proposal by the Company to collaborate with KPMG's internal rotation and change the financial report audit CPA.	Known, without opinion.

Supervisors' involvement in the operation of the Board of Directors: NA.

(III) Corporate governance, deviations from the Governance Practice Principles for TWSE/GTSM Listed Companies and reasons

Assessment item	Operating status			Deviation from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons.
	Yes	No	Summary description	
I. Has the Company established and disclosed a code of practice for corporate governance pursuant to the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies?"	√		The Company's board of directors has passed a resolution on March 26, 2015, to formulate the "Code of Practice for Corporate Governance" and submitted a report to the 2015 general shareholders meeting. The relevant content can be found in the corporate governance area of the	No difference.

Assessment item	Operating status			Deviation from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons.
	Yes	No	Summary description	
			Market Observation Post System.	
II. Company shareholding structure and shareholders' equity (I) Does the Company formulate internal operating procedures for handling the shareholders' suggestions, doubts, disputes and complaints, and follow the procedures?	V		(I) The Company has established the Stock Affairs Management Method and appointed dedicated personnel (spokesperson, proxy spokesperson, stock affairs, etc.) to deal with shareholder suggestions, doubts, disputes and other issues. Moreover, if legal issues are involved, the legal affairs unit shall be requested to provide assistance.	No difference.
(II) Does the Company have a list of the major shareholders who actually control the Company as well as the ultimate controlling party of the major shareholders?	V		(II) The Company has a good grasp of the list of major shareholders and the controlling parties of the major shareholders according to the shareholders register list on the closing date.	
(III) Has the Company established and implemented risk control and firewall mechanisms between related companies?	V		(III) The Company has established the Measures for Transactions of Affiliates and Group Companies and the Operating Procedures for Monitoring Subsidiaries. It performs controls in accordance with its internal control system.	
(IV) Has the Company established internal regulations to prohibit insiders from using undisclosed information on the market to buy and sell securities?	V		(IV) The Company has established the "Important Internal Information Handling and Insider Trading Prevention Procedures" to prevent the occurrence of insider trading.	
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors formulate diverse policies, set specific management objectives and implement them?	V		(I) The Company's directors, who are professional in businesses, optoelectronics, civil engineering, accounting and finance, etc., can provide diverse opinions at the board of directors to improve operations. For details, refer to Page 12~13.	No difference.
(II) Has the Company voluntarily established various other functional committees in addition to the Salary and Remuneration Committee and the Audit Committee according to the law?	V		(II) In addition to setting up a Salary and Remuneration Committee in accordance with the law, the Company will establish a comprehensive supervision mechanism, strengthen management functions, and consider the competent authority's recommendations to add additional functional committees in the future based on the Company's operational needs.	
(III) Has the Company established a board performance assessment measure and evaluation method, implemented performance evaluation annually and regularly, reported the results of the performance evaluation to the board of directors, and applied the results to individual directors' salary and nomination renewal?	V		(III) The Board of Directors of the Company has formulated the Performance Appraisal Measures for the Board of Directors and Functional Committees on November 11, 2021 to review the performance evaluation of the board of directors within the prescribed period. Internal self-evaluation of the board of directors, self-evaluation of directors, peer evaluation, appointment of external experts or other appropriate performance evaluation methods may be adopted for the evaluation. The appraisal items of the board's performance evaluation include the following five major aspects: I. Degree of participation in the Company's operations II. Improvement of the quality of the board of directors' decision making. III. Composition and structure of the board of directors IV. Selection and continuing education of directors. V. Internal control. The Company has completed the 2021 self-evaluation of the board of directors' performance. The evaluation results were submitted to the board of directors meeting on March 10, 2022 as reference for future director selection or nomination as well as salary and remuneration for individual directors. For the appraisal results, please refer to Page 20 of this annual report.	

<table>
<tr><th rowspan="2">Assessment item</th><th colspan="3">Operating status</th><th rowspan="2">Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons.</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>(IV) Does the Company regularly assess the independence of CPAs?</td><td>V</td><td></td><td>(IV) In appointing the accountants, the board of directors of the Company has evaluated if such accountants are independent and competent. It also regularly confirms independence of the accountants during their employment. In addition, when CPAs have direct or indirect interest in the commissioned matters, they must also be recused and comply with the internal rotation regulations in accordance with the law. Therefore, declarations of independence and professional ethics have been signed by CPA Chen, Tsung-Che and CPA Tseng Kuo-Yung Chih, Shih-Chin.
March 21, 2022, appraisal of the independence of the board of directors’ CPAs:
<table>
<tr><th>Assessment item</th><th>Appraisal results</th><th>Compliance with independence</th></tr>
<tr><td>1. Does the CPA have a direct or significant indirect financial interest relationship with the Company?</td><td>No</td><td>Yes</td></tr>
<tr><td>2. Does the CPA have any loan or guarantee behavior with the Company or the directors of the Company?</td><td>No</td><td>Yes</td></tr>
<tr><td>3. Does the CPA have a close business relationship and potential employment relationship with the Company?</td><td>No</td><td>Yes</td></tr>
<tr><td>4. Has the CPA or their audit team members served as directors or managers of the Company or have a significant impact on the present audit work or in the last two years?</td><td>No</td><td>Yes</td></tr>
<tr><td>5. Has the CPA ever provided the Company with non-audit service items that may directly affect the audit work?</td><td>No</td><td>Yes</td></tr>
<tr><td>6. Has the CPA ever brokered stocks or other securities issued by the Company?</td><td>No</td><td>Yes</td></tr>
<tr><td>7. Has the CPA served as a defender of the Company or represented the Company to arbitrate conflicts with other third parties?</td><td>No</td><td>Yes</td></tr>
<tr><td>8. Is the CPA related to the Company’s directors, managers or persons who have significant influence on the audit case?</td><td>No</td><td>Yes</td></tr>
</table>
.</td><td></td></tr>
<tr><td>IV. Do the TWSE/TPEx listed companies appoint an appropriate number of competent corporate governance personnel and appoint corporate governance officers to take charge of matters related to corporate governance (including but not limited to providing materials necessary for directors and supervisors to conduct businesses; assisting directors and supervisors in obeying laws and regulations; lawfully handling matters about the meetings of the Board of Directors and the shareholders’ meetings, and keeping minutes of the meetings)?</td><td>V</td><td></td><td>As resolved by the board of directors on March 12, 2021, the Company appointed chief financial/accounting officer Wu, Tai-Chiu (Assistant Manager) to act as the Company’s governance officer, the top officer in charge of matters on the Company’s governance. Assistant Manager Wu, Tai-Chiu, with more than three years of work experience as internal audit and financial officer in a public entity, is qualified for acting as governance officer of the Company.
The service provider shall be responsible for handling matters about the Company’s governance. An appropriate number of competent personnel have been appointed. They are mainly accountable for lawfully handling matters on the board of directors and shareholders’ meetings, keeping minutes of the board of directors’ and shareholders’ meetings, assisting with directors’ appointment and continuing education,</td><td>No significant difference.</td></tr>
</table>

Assessment item	Operating status			Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons.
	Yes	No	Summary description	
			providing materials necessary for directors’ business implementation and supporting directors’ compliance with laws and regulations.	
V. Has the Company established communications with stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers) and set up a special area for the stakeholders on the company website to appropriately respond to the key corporate social responsibility issues that are of concern to the stakeholders?	V		The Company has established communications with stakeholders and set up a special area for the stakeholders on the company website to appropriately respond to the key corporate social responsibility issues that are of concern to the stakeholders.	No difference.
VI. Has the Company commissioned a professional stock affairs agency to handle the shareholders’ meeting affairs?	V		The Company has commissioned the Grand Fortune Securities Stock Agency Department to handle the shareholders’ meeting-related affairs.	No difference.
VII. Information disclosure (I) Has the Company’s established a website to disclose its financial business and corporate governance information? (II) Has the Company adopted other information disclosure methods (such as setting up an English website, appointing a special person to take charge of company information collection and disclosure, implementing a spokesperson system or place the corporate briefing process on the Company’s website)? (III) Has the Company announced and declared the annual financial report within two months after the end of the fiscal year; and published the 1st, 2nd and 3rd quarter financial reports as well as the monthly operating status within the prescribed deadline?	V	ˇ	(I) The Company has set up its website: www.gtoc.com.tw, to disclose information about its financial businesses and corporate governance for reference by the shareholders and the general public. (II) The Company has established its website in Chinese and English, appointed a special person to take charge of company information collection and disclosure, implemented a spokesperson system (one spokesperson and one proxy spokesperson), and placed its corporate briefing processes on the Company’s website. (III) The Company has not published its annual financial report within 2 months after the end of the fiscal year, but has published its 1st, 2nd, and 3rd quarter operating status reports prior to the specified deadlines. In the future, the Company will publish its annual financial report within 2 months after the end of the fiscal year in order to strengthen corporate governance.	No significant difference.
VIII. Does the Company have other important information helpful for understanding its corporate governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relationships, stakeholders’ rights, directors’ and supervisors’ continuing education, implementation of risk management policies and risk measurement standards, execution of customer policies, and the Company’s purchase of liability insurance for the directors and supervisors)?	V		(I) Employee rights and care: 1. In addition to providing employee labor insurance, national health insurance and allocating regular monthly pension in accordance with the law; the Company has also planned and purchased comprehensive group insurance for its employees. 2. Abundant education and training resources are provided such as regular internal and external training as well as learning courses. 3. Subsidies for leisure travel activities are provided to help employees properly plan leisure and entertainment activities. 4. Offer cash gifts for the employees’ marriage, childbirth and birthday as well as funeral condolences. 5. To help employees satisfy their food, clothing, housing, and transportation needs; the Company provides staff restaurants, lounges, breastfeeding (milking) rooms, transportation vehicles, motorcycle parking lots and other facilities. 6. The physical and mental health of employees is important. Therefore, the Company provides employees with regular annual health checkups, irregular health lectures and forums, as well as full-time nursing staff and health management centers with resident physicians to offer health diagnosis and consultation to employees. 7. Employees are encouraged to study and enrich themselves during their spare time, and scholarships are provided to the children of employees. 8. The Company regularly purchases various types of books for employees to borrow in order to enhance the reading atmosphere.	No significant difference.

Assessment item	Operating status			Deviation from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons.
	Yes	No	Summary description	
			9. The Company cares for employees and their family lives, and provides appropriate solutions for assistance according to the circumstances of individual cases to help employees solve their problems. If an employee encounters a major accident or emergency, the employee can apply to the Company for emergency relief to help solve their urgent needs. 10. The Welfare Committee of the Company considers it important for employees to find a balance between work and family life and has planned diverse activities each year such as employee family days suitable for the whole family to increase opportunities for employees to interact with their families. The Company also organizes theme activities during festivals to encourage employees to actively participate and relieve pressure from work. (II) Investor relations: The Company has established a comprehensive spokesperson system to handle shareholder suggestions, doubts and disputes, and has disclosed Company information according to the relevant laws and regulations in order to protect the rights and interests of investors and maintain good relations. (III) Supplier relations: The Company has established a stable supply chain under the principle of equality and mutual benefit, and formulated the "Safe Supply Chain Partnership Evaluation Standard Management Method" to ensure that the supplier quality, specifications and risk assessment meet the high-quality corporate safety review and verification standards and that all parties can jointly pursue sustainable operations. (IV) Stakeholders' rights: The Company maintains channels for smooth communications with correspondent banks, employees, customers and suppliers, etc. It respects and protects their rights and interests. The Company is able to rapidly and properly respond to the stakeholders' concerns. (V) For information on directors' continuing education, please refer to Page 20 of this annual report. (VI) Risk management policies and risk measurement standards implementation status: The Company focuses on its core industry and complies with relevant laws and regulations in order to execute different policies to reduce and prevent any possible risks. (VII) Customer policy implementation status: the Company has designated personnel to maintain regular communication channels between the Company and its customers. The goals are to grasp customer dynamics at all times and ensure the best interests of all parties via a good negotiation mechanism. In addition, the Company also uses annual customer satisfaction surveys to obtain feedback from customers and conduct self-review in 4 areas: quality, delivery deadline, services and processing capability. (VIII) Circumstances in which the Company purchases liability insurance for directors and supervisors: <table><tr><th>The insured</th><th>Insurance company</th><th>Insured amount</th><th>Insurance period</th></tr><tr><td>All directors and supervisors</td><td>Cathay maternity insurance</td><td>US$5,000,000</td><td>From January 1, 2023 To January 1, 2024</td></tr></table> At the meeting of the Board of Directors on March 10, 2023, the Company reported its purchase of liability insurances for the directors and the managers. Notes:	

Assessment item	Operating status			Deviation from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons.
	Yes	No	Summary description	
			According to the Company's Articles of Incorporation and Corporate Social Responsibility Best Practice Principles, the Company has purchased the "Cathay Directors and Officers Liability Insurance" effective from January 1, 2023, to January 1, 2024, in order to reduce and disperse the risk of major damages to the Company and shareholders due to errors or negligence from directors, supervisors, and managers. Important contents such as insurance evaluation comparison, insured amount, coverage and insurance premium rate are listed in this report.	

IX. Please describe the improvements which have been made in respect of the corporate governance evaluation results released by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent years, and put forward what to be enhanced first and the measures for what have not been improved:

(I) The Company's evaluation result in 2022 was 81% to 100% of all evaluated companies' and equivalent to that in 2021. The improvements of evaluation indexes in 2022 are as follows:

1. To improve corporate governance, a governance officer was appointed. The 2022 board of directors evaluated its own performances according to the Self or Peer Review Measures for the Board of Directors and the evaluation results were reported at the board of directors.
2. To increase the Company's information transparency, the board of directors prepared English meeting handbook, annual report and related materials in 2021. Related English materials of the board of directors, and information on operations of the board of directors, Audit Committee and Remuneration Committee were released on webpages of the Company.

(II) Future improvements are as follows:

1. To strengthen information disclosure, the Company's objectives and strategies on energy conservation, carbon emission reduction, and reduction of greenhouse gases or wastes as well as their implementation will be disclosed in the annual reports and Market Observation Post System.
2. To increase information transparency, information disclosure in the Company's website and annual reports will be constantly strengthened.
3. In accordance with the "Board and Functional Committee Performance Evaluation Measures," the board of directors conducts self-assessment of its performance and reports the evaluation results to the board.
4. During the director election, the number of independent director positions is increased.

(IV) Components, duties and operations of the Remuneration Committee:

1. Information on members of the Remuneration Committee:

By identity \ Condition	Name	Professional qualification and experience	Independence	Number of publicly listed companies where the member concurrently serves as Salary and Remuneration Committee member
Convenor	Huang, Kuo-Shih	Independent director; for information on his professional qualification, experience and independence, please refer to Page 11~12.		3
Committee member	Wu, Chun-Feng			0
Committee member	Yang, Ming-Ssu			2

2. Duties of the Remuneration Committee:

The Company has set up the Remuneration Committee. On August 7, 2020, it revised the administrative measures for operations of the Remuneration Committee in collaboration with the setup of the Audit Committee and in combination with the actual needs. The committee is mainly responsible for establishing and reviewing the policies, systems, standards and structures for performance appraisal, salary and remuneration of the directors and managers. The Remuneration Committee exercises the following powers and submits suggestions to the Board of Directors for discussion:

(1) Evaluating and supervising the Company's overall supervision policy.

(2) Evaluating and approving the salary levels of directors.

(3) Evaluating and approving the salary levels of the Company's managers.

(4) Irregularly reviewing remuneration of the directors and senior managers based on the Company's objectives, operational performance, competitive environment and other factors.

(5) Where the remuneration of the directors and managers of the Company's subsidiaries is determined by the subsidiaries at levels and shall be approved by the Company's Board of Directors, suggestions shall be first made to the committee and then submitted by the Board of Directors for discussion.

3. Information on operations of the Remuneration Committee:

(1) The Company's Remuneration Committee has 3 members.

(2) Current term of office of the members: From June 18, 2020 to June 17, 2023. In the most recent year (2022), the Remuneration Committee held 2 (A) meetings, where the members' qualification and attendance are as follows:

Title	Name	No. of actual attendances (B)	No. of attendances by proxy	Actual attendance rate (%) (B/A)	Remarks
Convenor	Huang, Kuo-Shih	2	0	100%	
Committee member	Wu, Chun-Feng	2	0	100%	
Committee member	Yang, Ming-Ssu	2	0	100%	

Other matters to be recorded:

I. If the board of directors does not adopt or amend the Salary and Remuneration Committee's recommendations, the date of the board of directors meeting, the period, the content of the proposal, the results of the board of directors' resolutions, and the Company's handling of the Remuneration Committee's opinions must be noted (for instance if the remuneration approved by the board of directors is better than the recommendation of the remuneration committee, the difference and reason thereof shall be disclosed): none.

II. In case that any member raises objections or has qualified opinions which are documented or declared in writing for any matter resolved by the Remuneration Committee, the meeting date, session number and proposal content of the Remuneration Committee, as well as all members' opinions and responses to their opinions shall be noted: None.

4. The information on the Remuneration Committee's meetings, review and evaluation of the Company's remuneration in the most recent year (2022) is as follows:

Remuneration Committee Date and period	Agenda	Resolution results and the Company's response to the Remuneration Committee's opinions
March 21, 2022 6th meeting of the 4th term	Proposal on formulating the Company's 2021 measures for retaining the employees' subscription by capital increase in cash and distributing the subscribed shares to the senior managers.	1. All proposed were approved by all members of the Remuneration Committee present at the meeting; 2. All directors present approved all proposals as per suggestions of the Remuneration Committee.
December 27, 2022 7th meeting of the 4th term	Estimated amount of the Company's year-end bonus to be distributed in 2022	

(V) Promotion of sustainable development, deviation from the Best Practices for TWSE/TPEx-Listed Companies and the reasons:

Items	Implementation status			Deviation from the Best Practices for TWSE/TPEx-Listed Companies and the reasons
	Yes	No	Summary description	
I. Has the Company established a governance structure for promoting sustainable development, set up full-time (part-time) units for driving sustainable development, had the board of directors to authorize top management to deal with related matters and instructed the board of directors to supervise?	√		On November 30, 2015, the Company established the Social and Environmental Responsibility Committee, which was renamed as ESG Committee in 2022 as a unit for promoting sustainable development of the Company. The president serves as chairman of the committee. In addition, chief executive, executives and a promotion team have been appointed to draft, supervise, improve and execute the sustainable development policies, objectives and plans. Based on the P-D-C-A spirit, a balance of interests is maintained among the shareholders, employees, the society and all stakeholders. Review the results, put forward measures for improvement, and handle key matters for performing corporate governance, developing sustainable environment, safeguarding social welfare and disclosing corporate social information. Every year, regularly report implementation/operation outcomes and the stakeholders' related topics to the chairman of the committee. Track and review the outcomes and topics.	No significant difference.
II. Has the Company conducted risk assessments on environmental, social, and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulated relevant risk management policies or strategies?	√		In order to practice sustainable development, the Company has established a systematic "Organizational Environmental Identification and Risk Management" system through our management system framework. the Company continuously monitor internal and external issues and environmental changes by establishing, implementing, and maintaining risk management mechanisms. Assess potential threats to our operations from economic, social, and environmental factors, and carry out impact analysis and risk management to safeguard the interests and rights of stakeholders.	No significant difference.
III. Environmental issues (I) Has the Company established an appropriate environmental management system according to the characteristics of its industry? (II) Is the Company committed to improving energy utilization efficiency and using recycled materials that can lower the impact on the environment? (III) Has the Company assessed its current and future potential risks and opportunities of climate change	 √ √ √		 (I) The Company has built the Occupational Safety, Health and Environment Department, which is committed to complying with green environmental policies. Certified by ISO14001, the Company has formulated HSF policies. It complies with pertinent laws and international conventions. The Company continuously reduces wastes of its production processes. Without using substances harmful for environment, it prevents pollution and creates sustainable environment. (II) The Company is committed to improving its utilization of different resources, including electronic review of documents, ex: system for reviewing legal documents and electronic SPM, all of which are effective for reducing utilization of paper. In addition, the Company responds to resource recycling and classification in compliance with laws and regulations about environmental protection. (III) In light of global climate change, the Company's Green Building Business Division has actively promoted the Low-E energy-saving glass and chemical-free easy-clean glass to effectively promote the concept of environmental protection.	 No significant difference.

Items	Implementation status			Deviation from the Best Practices for TWSE/TPEx-Listed Companies and the reasons
	Yes	No	Summary description	
and taken countermeasures against climate-related issues?				
(4) Has the Company counted the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and formulated policies on greenhouse gas reduction, water consumption reduction, or other waste management?	√		(IV) The Company has regularly conducted greenhouse gas inventories and disclosed the greenhouse gas management status to stakeholders. In February 2022, the ESG Committee was built. It plans to start training and write ESG reports from the second half of this year. Energy conservation, carbon emission reduction, greenhouse gas emission reduction, reduction of water consumption or other topics on waste management will also be discussed. Therefore, comprehensive objectives and policies will be established in the following year.	

Statistics on Emissions of Greenhouse Gases (CO2e metric tons/year)

Factories	2021		2022	
Emission of greenhouse gases	Indirect (purchased electricity)	Direct (including provisioning of firefighting equipment and business vehicles)	Indirect (purchased electricity)	Direct (including provisioning of firefighting equipment and business vehicles)
Miaoli Plant	11,110.56	32.90	15,275.1307	154.3422
Subtotal	11,143.46		15,429.4729	
Plant in Southern Taiwan Science Park	15,678.64	16.62	6,415.8557	19.78
Subtotal	15,695.26		6,435.6357	

Electricity consumption, water consumption and waste production in different factories in 2021 and 2022 are shown in the table below:

Electricity consumption (kWh)

Factories	2021	2022
Miaoli Plant	21,828,204	30,010,080
Plant in Southern Taiwan Science Park	29,251,200	12,576,200

Water consumption (t)

Factories	2021	2022
Miaoli Plant	53,367	62,066
Plant in Southern Taiwan Science Park	114,486	57,566

Waste weight (t)

Factories	2021	2022
Miaoli Plant	538.53	720.90
Plant in Southern Taiwan Science Park	212.99	101.69

IV. Social topics				

Items	Implementation status			Deviation from the Best Practices for TWSE/TPEx-Listed Companies and the reasons
	Yes	No	Summary description	
(I) Has the Company formulated relevant management policies and procedures according to the relevant regulations and international human rights conventions?	√		(I) The Company has formulated relevant management policies and procedures in accordance with labor laws and international human rights conventions in order to protect the legal rights of employees and adopt discrimination-free employment policies.	No significant difference.
(II) Has the Company formulated and implemented reasonable employee welfare measures (including compensation, vacations, and other benefits), and appropriately reflected its operating performances or results in employee compensation?	√		(II) The Company has formulated reasonable Salary Management Measures, Administrative Measures for Distribution of Performance Bonuses, the Administrative Measures for Annual and Festival Bonus Distribution as well as other measures. In addition, it has implemented appropriate employee welfare measures, and properly reflects the operating performances or results in the employee remuneration.	
(III) Has the Company provided a safe and healthy work environment, and regularly carried out safety and health education for employees?	√		(III) The Company provides its employees with tidy environment, and safety protection equipment necessary for the employees' safety and health. The executives and the work safety organizations irregularly review work environment and prevention of related hazards. Besides, the Company attaches great importance to the employees' health, and arranges health examinations for the employees better than those specified by laws and regulations. The Company spares no effort to care for and facilitate the employees' health.	
(IV) Has the Company established an effective career development training program for employees?	√		(IV) The Company values its employees' career development and talent training. Based on the TTQS architecture, it plans a complete education and training system, of which the courses are mainly categorized into five types: Fundamentals, occupational safety, professionalism, common sense and hierarchy. In addition, the Company's training plans are continuously and exactly managed through internal and external training programs as well as the feedback mechanism on teaching satisfaction.	
(V) With regard to customer health and safety, customer privacy or marketing and labeling of products and services, has the Company followed the relevant regulations and international standards as well as formulated related consumer or consumer protection policies and appeal procedures?	√		(VI)Certified by IECQ QC 080000 - a standard for managing hazardous substances, the Company monitors its product and service conformity with reference to EU RoHS Directive 2015/863. We procure our suppliers to establish an effective GP management system and pass third party system certification. In addition, the Company abides by pertinent social and environmental practice principles. We continuously reduce wastes of production processes, avoid utilizing substances harmful to environment, properly prevent pollution, and publicize our concept for managing substances harmful to environment among related groups. The Company has formulated Management Procedure for Customer Complaints, Return and Satisfaction Survey. Whereas most of the Company's customers are not end consumers, all of the Company's customers other than consumers of smart building glass can directly contact responsible units to file complaints, and efficient policies are formulated for protecting customers' rights and interests. In addition, the Company buys product liability insurance, to protect product users'	

Items	Implementation status			Deviation from the Best Practices for TWSE/TPEx-Listed Companies and the reasons
	Yes	No	Summary description	
(VI) Has the Company formulated supplier management policies that require suppliers to follow the relevant regulations on environmental protection, occupational safety and health or labor human rights, and implemented them accordingly?	√		rights and interests. (VII) The Company has formulated the Supplier Management Procedures, which specify that the suppliers shall comply with relevant rules in terms of environmental protection, occupational safety and health or labor workers' human rights. To implement the certification rules, we require suppliers to supply harmless raw materials, to provide our customers with safe harmless products and jointly perform the corporate social responsibilities. Besides, to comply with the provisions of SA8000, the Company has established the Standards for Suppliers' Implementation, which specify that all qualified suppliers shall abide by the CSR rules on their products and services, and make a statement by sealing. Only in this way can they become qualified suppliers of the Company.	
V. Has the Company referenced the international report preparation standards or guidelines on the preparation of sustainability reports and other reports that disclose the Company's non-financial information? Have the aforementioned reports been confirmed or verified by a third-party certification unit?		√	In 2023, the Company will draft standards and issue the 2022 sustainability report as per Article 2 of the Operating Procedure for TWSE/TPEx-Listed Companies to Prepare and Declare Sustainability Reports and with reference to international universal reports. It also discloses relevant information in combination with rules of competent authorities, for the purpose of achieving sustainable development. The Company does not execute any third-party verification plan for the time being, because it is not required to seek definite opinions from a third-party verification organization.	NA

VI. If the Company has established its own best practices for sustainable development pursuant to the "Best Practices for Sustainable Development of TWSE/GTSM Listed Companies," please note the difference between its operations and the code established:

On December 17, 2014, the Company approved the Corporate Social Responsibility Best Practice Principles and incorporated them into the 2015 report of the general shareholders' meeting. With reference to the Best Practices for Sustainable Development of TWSE/GTSM Listed Companies, the principles were renamed as the Best Practices for Sustainable Development, which were approved by the Board of Directors on March 21, 2022 and presented at the 2022 general shareholders' meeting. Related information has been disclosed on MOPS and the website of the Company. No significant difference exists between these practices and the Company's current operations.

VII. Other important information helpful to understand promotion of sustainable development:

1. At present, the Company performs its corporate social responsibilities mainly by donating money and materials to neighborhoods, social welfare groups and schools.

Charity donations		
Time	Unit	Events
February 2022	Miaoli County Firefighters Friends Association	NT$ 20,000.-
February 2022	Miaoli County Tongluo Township Volunteer fire brigade	NT$ 10,000.-
September 2022	Miaoli County Tongluo Township Chung Ping District Development Association	NT$ 5,000.-
November 2022	Miaoli County Friends of the Police Association	NT$ 15,000.-

Material donations		
Time	Unit	Events
March 2022	Love of Life Cultural and Educational Foundation	5 boxes of biscuits and drinks
August 2022	St. Frances Xavier Home for Girls	5 boxes of biscuits and drinks
October 2022	Chung Hsing Elementary School, Tongluo Township, Miaoli County (school celebration)	15 boxes of Taiwan Yes Mineral Water

2. The Company applied for SA8000 international certification before, which is a standard formulated based on the International Labor Organization Convention, the Universal Declaration of Human Rights and the United Nations conventions on human rights, with a view to ensure that all products provided by organizations and suppliers satisfy the

Items	Implementation status			Deviation from the Best Practices for TWSE/TPEx-Listed Companies and the reasons
	Yes	No	Summary description	
requirements for social responsibility, comply with laws/regulations, respect human rights, offer guidelines for the employees' rights and interests, and create win-win among the Company, employees and consumers.				

(VI) Performance of ethical management, deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons:

Assessment item	Operating status			Deviation and cause of deviation in practice differences compared to TWSE/GTSM listed companies
	Yes	No	Summary description	
I. Integrity management policy and plan formulation (I) Has the Company formulated an integrity management policy approved by the board of directors, expressed the integrity management policy and practices in regulations or external documents, and have the board of directors and senior management actively implemented the management policy? (II) Has the Company established a mechanism for evaluating risks of unethical conducts, to regularly analyze and evaluate the operating activities with higher risks of unethical conducts within its business scope, drafted proposals for preventing unethical behaviors based on the evaluation results, and established preventive measures which at least cover the conducts under Article 7-2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies? (III) Has the Company expressly formulated the operating procedure, behavior guideline, as well as disciplinary penalty and grievance system plans, and implemented them accordingly to prevent dishonest behavior and reviewed and revised them on a regular basis?	√ √ √		(I) On December 17, 2014, the Company formulated the Ethical Corporate Management Best Practice Principles with the approval of the Board of Directors, and made them public on its official website and the intranet for stakeholders' inquiry. The Company'sboard of directors and senior management have actively fulfilled the commitment policy for integrity management. (II)The Companyhas established the best practice principlesinaccordancewith the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and drafted the proposals for preventing unethical conducts which cover the following preventive measures: I. Providing and receiving bribes. II. Providing illegal political donations. III. Improper charitable donations or sponsorships. IV. Offering or accepting improper gifts, entertainment, or other unreasonable benefits. V. Infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights. VI. Engaging in unfair competition. VII. Direct or indirect impairment of consumers' or other stakeholders' rights, interests, health and safety during product and service development, procurement, manufacturing, provisioning or selling. (III) The Company's plans forpreventing dishonest behaviors specify the operating procedure, behavior guideline, disciplinary penalty and grievance system, which are implemented accordingly. Besides, the Company has created a honesty email account (honesty@gtoc.com.tw) so that it can appoint its management to assist with grievance handling, and the handling results are reported to the independent directors.	No significant difference.
II. Integrity management practice (I) Has the Company assessed the integrity records of counterparties and specified the terms of integrity in the contracts signed with counterparties?	√		(I) In conducting business activities, the Company avoids trading with those with records of dishonest behaviors, and expressly specifies the terms of integrity in their business contracts. To ensure that the counterparties conduct their businesses in good faith, punishment terms are specified in all purchase contracts. If the counterparties fail to perform the contracts as agreed, they shall make compensation according to the contracts. In addition, it is expressly specified that the contracts will be terminated or canceled anytime in case of dishonest behaviors.	No significant difference.
(II) Has the Company established a special unit under the board of directors to promote corporate integrity	√		(II) The Company's Administrative Management Unit shall be responsible for the promotion and operation of the Company's integrity management and shall	

Assessment item	Operating status			Deviation and cause of deviation in practice differences compared to TWSE/GTSM listed companies
	Yes	No	Summary description	
management, and regularly (at least once a year) reported the dishonesty prevention integrity management policies and plans to the board of directors in order to supervise the implementation status? (III) Has the Company formulated policies for preventing conflicts of interest, provided appropriate statement channels and implemented them? (IV) Has the Company established effective accounting and internal control systems for ethical management. Does the Company let the internal audit organization draft related audit plans based on the evaluation results of dishonest behaviors, check compliance with the proposals for preventing dishonest behaviors, or entrusts CPAs to perform the check? (V) Has the Company conducted internal and external education and training on integrity management regularly?	 √ √ √		regularly report case acceptance and implementation status to the board of directors. (III) The Company has established policies for preventing conflicts of interest, provided statement channels and formulated corresponding procedures. (IV) The Company has formulated an internal control system to ensure ethical operations and incorporated it into the audit plan. Auditors shall perform inspections and issue reports regularly to ensure the effectiveness of implementation. (V) The directors and managers of the Company shall take the relevant training courses on an irregular basis each year. The Company also irregularly carries out promotion via staff meetings, the Company's website and the announcement board.	
III. Company whistleblowing system operation status (I) Has the Company established specific whistleblowing and reward systems, and created convenient whistleblowing channels? Does it appoint appropriate full-time personnel to accept whistleblowers? (II) Has the Company established standard operating procedures for accepting whistleblowing, subsequent measures and related confidentiality mechanism to be adopted after investigation? (III) Has the Company taken measures to protect whistleblowers from improper treatment due to the complaint report?	√ √ √		(I) 1. The Company has standardized the whistleblower report handling and management procedures. The Administration Department appoints special personnel to conduct investigations and accept complaints from the whistleblowers. 2. If a reported case has been verified, a reward shall be issued to the whistleblower depending on the seriousness of the case. (II) In accepting whistleblowing, the Company has detailed procedures and control mechanisms for case classification, investigation and appeal. It implements confidentiality measures in respect of related information. (III) The Company shall keep the identities of whistleblowers and the contents of reports strictly confidential. If the whistleblower is harassed, intimidated or threatened by other harmful behavior due to reporting the case, the case shall be handled according to the law upon notification from the whistleblower. If necessary, the local police agency shall be contacted for protection.	No significant difference.
IV. Strengthening information disclosure Does the Company disclose its ethical management best practice principles and implementation status on its website and MOPS?	√		The Company shall disclose the content and the implementation status of the "Code of Integrity Management" on the Company's website and in the annual report.	No significant difference.
V. If the Company has established its own Ethical Corporate Management Best Practice Principles pursuant to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please note the difference between its operations and the				

Assessment item	Operating status			Deviation and cause of deviation in practice differences compared to TWSE/GTSM listed companies
	Yes	No	Summary description	
code established: no significant difference.				

VI. Other important information helpful for understanding ethical management of the Company: (for instance, the Company's revision of its ethical management best practice principles)
To establish a corporate culture of integrity management and establish good corporate governance for the Company, the board of directors has approved the formulation of the Company's "Code of Integrity Management" on December 17, 2014, for compliance, submitted the report to the general shareholders meeting on June 26, 2015, and disclosed the matter on the Company's website and the Market Observation Post System.

(VI) If the Company has formulated the corporate governance best practice principles and related rules, it shall disclose the method for searching related information:

1. To access the relevant regulations and rules regarding corporate governance, please visit the Taiwan Stock Exchange's Market Observation Post System (MOPS) at http://mops.twse.com.tw/mops/web/index. Select "Corporate Governance" -> "Corporate Governance Structure" -> "Establishment of Corporate Governance." Choose the market type as "Listed" and enter the company code "3149" to perform the search.
2. The company website: http://www.gtoc.com.tw/upload/cominfo/201504201725130.pdf.

(VII) Other important information sufficient for enhancing understanding of corporate governance shall also be disclosed:

1. To establish sound internal material information mechanism and disclosure mechanisms, avoid improper information disclosure and ensure consistency and correctness of the information made public, the Company has formulated the Administrative Measures for Preventing Insider Trading and Processing Internal Material Information, and irregularly review whether the operating procedure complies with laws/regulations and satisfies practical management needs. It also makes announcements in its internal document management system for reference by the insiders, managers and employees anytime, to avoid violations and insider trading.
2. As corporate governance officer, Assistant Manager Wu, Tai-Chiu took office on June 1, 2021, and the continuing education he has received is as follows:

Training date	**Organizer**	**Course name**	**Hours**
April 14, 2022	Accounting Research and Development Foundation	Analysis on the latest corporate governance policies and common deficiencies	3.0
April 22, 2022	Taiwan Institute for Sustainable Energy	Taishin 30th Sustainable Net Zero Summit	3.0
May 4, 2022	Taiwan Stock Exchange Corporation	Online forum of International Double Summits	2.0
June 10, 2022	Securities and Futures Institute	2022 promotion meeting on prevention of insider trading	3.0

(IX) Implementation of internal control system

1. Internal control system declaration

G-TECH Optoelectronics Corporation

G-TECH Optoelectronics Corporation

Internal control system declaration

Stock Code: 3149

Date: March 10, 2023

For its internal control system in 2022, the Company solemnly makes a declaration as follows based on the results of its own evaluation:

I. The Company truly understands that its board of directors and managers are obliged to establish, implement and maintain an internal control system, which has been established by the Company. Its purpose is to reasonably ensure operation effectiveness and efficiency (including profit, performance, safeguarding asset security, etc.), report reliability, timeliness and transparency and compliance with the relevant laws and regulations.

II. An internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable guarantee on meeting the 3 objectives mentioned above. Moreover, the effectiveness of an internal control system may also vary due to changes in the environment and circumstances. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective actions.

III. The Company judges whether design and implementation of its internal control system are effective according to corresponding items specified under the Operating Procedure for Establishment of an Internal Control System by a Public Listed Company ("Operating Procedure"). The internal control system performance determination items set forth by the "Regulations" are based on the management and control process, which divides the internal control system into 5 components: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communications, and 5. Monitoring activities. Each component also includes several items. Please refer to the "Regulations" for the aforementioned items.

IV. The Company has adopted the aforesaid internal control system judgment items in order to evaluate the design and implementation effectiveness of the internal control system.

V. The Company has detected the following major deficiencies in evaluation: (exemplify such major deficiencies and their impacts upon its realization of the aforementioned objectives).

VI. Based on the foregoing evaluation results, the Company considers that its internal control system on December 31, 2022 (including supervision and management of the subsidiaries), including understanding about its operating results and efficiency as well as the extent to which the efficiency objectives are realized, and reports are reliable, prompt, transparent, and in line with pertinent laws and regulations, the design and implementation of the internal control system are effective in all aspects except for those mentioned above.

VII. This declaration shall serve as the main content of the Company's annual report and prospectus, and shall be made public. If the aforementioned content contains false statements, concealment, or other illicit matters, the Company shall bear full legal liabilities pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VIII. This declaration was approved by the board of directors of the Company at the meeting on March 10, 2023 and 6 directors attended the meeting, and all of them agreed to this declaration. A declaration is hereby made.

Company Name: G-TECH Optoelectronics Corporation
Chairman: Chung, Chih-Ming Signature/Seal
President: Chung, Chih-Ming Signature/Seal

2. Where CPAs are appointed to audit internal control, the CPAs' audit report shall be disclosed: NA.

(X) Where the Company and its internal personnel were lawfully punished, or the Company punished its internal personnel for their violation of the internal control system in the most recent year and as of the publication date of the annual report, and the punishment results might have significant impacts upon the shareholder equity or securities prices, such punishments, main deficiencies and improvements shall be disclosed: None.

(XI) Important resolutions of the shareholders' meeting and the board of directors in the most recent year (2022) and as of the publication date of the annual report:

Meeting	Date	Important resolutions
Shareholders' Meeting	June 24, 2022	1. Proposal for recognizing 2021 business reports and financial statements. Implementation status: Approved by resolution, and announced on June 24, 2022. 2. Proposal for recognizing the 2021 loss recovery plan. Implementation status: Approved by resolution, announced onJune 24, 2022 and recognized based on the admitted loss recovery statement. 3. Proposal for the Company to issue new shares for capital increase in cash. Implementation status: Approved by resolution. As of the publication of the 2022 annual report, the Company has not issued any plan for increasing capital in cash by book building. The proposal is intended to automatically become invalid one year later and won't be renewed. 4. Proposal for the Company's private placement of common shares. Implementation status: Approved by resolution. As of March 10, 2023, the Company had no issue plan. A resolution was passed by the Board of Directors on March 10, 2023 and an announcement was made on the same day that the proposal would not be renewed.
Board of Directors	March 21, 2022	Proposal on 2021 business reports and financial statements was approved. 2021 loss recovery proposal was approved. 2021 proposal for "evaluating effectiveness of the internal control system" and "statement of the internal control system" was approved. A resolution was passed for not renewing the 2021 proposal for private placement of common shares approved by the general shareholders' meeting. Proposal on the base date of capital increase in cash and related agendas of the Company in 2021 was approved Proposal on formulating the Company's 2021 measures for retaining the employees' subscription by capital increase in cash and distributing the subscribed shares to the senior managers was approved. The proposal for holding a 2022 general shareholders' meeting was approved. Proposal for applying to financial institutions for credit limit was approved. The significant amount of capital loan not recovered over 3 months of normal facility term and evaluation report for Q4, 2021 were approved.
Board of Directors	May 10, 2022	Consolidated financial statements for Q1, 2022 were approved Proposal for the Company to issue new shares for capital increase in cash was approved. Proposal for the Company's private placement of common shares was approved. Proposal for modifying the reasons for convening the 2022 general shareholders' meeting was approved. Proposal for applying to financial institutions for credit limit was approved. Proposal for integrating documents of the IATF16949 quality certification system was approved. Proposal for amending and renaming certain clauses of the Corporate Social Responsibility Best Practice Principles was approved. Proposal for amending certain clauses of the Procedures for Election of Directors was approved. Proposal for amending certain clauses of the Rules of Procedure for Shareholders' Meetings was approved. Proposal for amending certain clauses of the Assets Acquisition or Disposal Procedures was approved. The significant amount of capital loan not recovered over 3 months of normal facility term and evaluation report for Q1, 2022 were approved.
Board of Directors	August 9, 2022	Consolidated financial statements for Q2, 2022 were approved. The decision for not recovering losses in the first half of 2022 was approved. Proposal for applying to financial institutions for credit limit was approved. Changes on the business plan of Southern Taiwan Science Park Branch were approved. Proposal for the Company to dispose of idle production equipment was approved. Proposal for the Company to amend certain clauses of the Administrative Measures for Engagement in Derivative Transactions was approved. Proposal for amending certain clauses of the Seal Management Procedure was approved. The significant amount of capital loan not recovered over 3 months of normal facility term and evaluation report for Q2, 2022 were approved.

Meeting	Date	Important resolutions
Board of Directors	November 8, 2022	Consolidated financial statements for Q3, 2022 were approved. Proposal for applying to financial institutions for credit limit was approved. Proposal for adjusting business plan of Southern Taiwan Science Park Branch were approved. Proposal for the Company to amend certain clauses of the Administrative Measures for the Rules of Procedure for the Board of Directors was approved. Report on quarterly execution of the greenhouse gas inventory schedule for Q3, 2022 was approved. The significant amount of capital loan not recovered over 3 months of normal facility term and evaluation report for Q3, 2022 were approved.
Board of Directors	December 27, 2022	Proposal on estimated amount of the Company's year-end bonus to be distributed in 2022 was approved. 2023 business plan and capital expenditure proposal were approved. 2023 internal audit plan was approved. Proposal on base date of issuing employee stock options in exchange for new shares of the Company for capital increase in Q4, 2022 was approved. Proposal by the Company to collaborate with KPMG's internal rotation and change CPAs auditing financial statements was approved. Proposal for amending certain clauses of the Administrative Measures for Preventing Insider Trading and Processing Internal Material Information was approved.
Board of Directors	March 10, 2023	Proposal on 2022 business reports and financial statements was approved. 2022 loss recovery proposal was approved. 2022 proposal for "evaluating effectiveness of the internal control system" and "statement of the internal control system" was approved. A resolution was passed for not renewing the 2022 proposal for private placement of common shares approved by the general shareholders' meeting. The proposal for holding a 2023 general shareholders' meeting was approved. Proposal for evaluating employed CPAs' independence and competency was approved. Energy conservation plan for ESCO air conditioning equipment of Miaoli No.2 Factory was approved. Proposal for amending certain clauses of the Articles of Incorporation was approved. Proposal for amending certain clauses of the Rules of Procedure for Shareholders' Meetings was approved. The significant amount of capital loan not recovered over 3 months of normal facility term and evaluation report for Q4, 2022 were approved.
Board of Directors	May 9, 2023	Consolidated financial statements for Q1, 2023 were approved Approved the Proposal by the Company to issue new shares for cash capital increase. Approved the Proposal for the Company's execution of private placement of ordinary shares. Proposal for modifying the reasons for convening the 2023 general shareholders' meeting was approved. Proposal for applying to financial institutions for credit limit was approved. The significant amount of capital loan not recovered over 3 months of normal facility term and evaluation report for Q2, 2023 were approved.

(XII) In the most recent year and as of the printing date of the annual report, were there directors or supervisors with different opinions on important resolutions passed by the board of directors with records or written statements? If so, what are the main contents? none.

(XIII) A summary of resignations and dismissals of the Company's chairperson, president, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor and R&D supervisor in the most recent year and as of the printing date of the annual report: none.

V. Information on CPA Public Expenses

(I) Information on CPA Public Expenses

Unit: NT$ thousand

Name of CPA firm	Name of CPA	CPA audit period	Auditing public expense	Non-auditing Public Expense(NT$ thousand)					Remarks
				System design	Business registration	Human resources	Other (Note)	Subtotal	
KPMG	Chen, Tsung-Che	January 1, 2022 ～	3,753	0	0	0	130	3,883	Other non-audit public expense items are primarily

	Chih, Shih-Chin	December 31, 2022							travel expenses for audit certifications, etc.

(II) Where the CPAs are replaced and the audit fees paid in the year of replacement have decreased compared with the previous year's audit fees, the decreased amount, decrease ratio and reasons shall be disclosed: None.

(III) If the audit certification expense has decreased by over 10% compared to that of the previous year; the amount, proportion, and reasons for the audit certification expense reduction must be disclosed: none.

(IV) CPAs of KPMG are employed, and their AQI has been reported at the meeting of the Board of Directors on March 10, 2023.

VI. Information on CPA Replacement:

(I) Regarding former CPAs

Replacement date	Approved by the board of directors on December 27, 2022		
Reason and explanation for replacement	In conformance with the internal job rotation of KPMG		
Explain why the appointee or CPA was terminated or refuses to accept appointment	Contract party / Condition	CPA	Appointers
	Voluntary termination of appointment	Not applicable.	
	No longer accepts (continues) appointment		
Review report opinions other than unqualified opinions issued within the last 2 years and the reason:	None.		
Is there any disagreement with the issuer?	Yes		Accounting principles or practices
			Disclosure of financial reports
			Scope or steps of inspection
			Others
	None	✓	
	Explanations	None	
Other matters to be disclosed (Other matters to be further disclosed as specified in Sub-clauses 4 to 7, Clause 1, Paragraph 6, Article 10 hereunder)	None		

(II) Regarding successor CPAs

CPA firm name	KPMG
Name of CPA	Kwo-Yang Tzeng, Shih-Chin Chih
Date of appointment	Approved by the board of directors on December 27, 2022
Prior to appointment, accounting treatment methods for specific transactions or accounting principles as well as consultation matters and results for financial reports that may possibly be issued	None
Written opinion by the successor CPAs on the dissenting opinions of the former CPAs	None

(III) The former CPAs' reply letter to Clause 1 and Sub-clause 3, Clause 2, Paragraph 6, Article 10 hereunder: None.

VII. Where the Company's chairman, president or manager in charge of financial affairs or accounting was employed by CPAs or its affiliate in the most recent year, his name, and period of employment in such CPAs or affiliate shall be indicated: None.

VIII. Equity transfer and equity pledge modification status of directors, supervisors, managers, and shareholders holding over 10% of the shares in the last year and up to the printing date of this annual report

(I) Changes in the equity of directors, supervisors, managers and major shareholders:

Unit: share

Title	Name	2022		As of April 26, 2023	
		Increase (decrease) in No. of shares	Increase (decrease) in No. of pledged shares	Increase (decrease) in No. of shares	Increase (decrease) in No. of pledged shares
Chairman	Chung, Chih-Ming	(22,000)	-	-	-
Director	Hongyuan International Investment Co., Ltd.(Note 1) Representative: Lin, Shih-Chang	-	-	-	-
Director	Hsiao, Jen-Liang	-	-	-	-
Director	Wang, Kuo-Hung	-	-	-	-
Independent director	Huang, Kuo-Shih	-	-	-	-
Independent director	Wu, Chun-Feng	-	-	-	-
Independent director	Yang, Ming-Ssu	-	-	-	-
President	Chung, Chih-Ming	(22,000)	-	-	-
Vice President	Chiu, Huo-Sheng	25,514	-	-	-
Vice President	Wang, Yao-Chang	114,131	-	-	-
Assistant Manager	Huang, Yung-Cheng	-	-	-	-
Assistant Manager	Hsu, Hsien-Yi	90,000	-	-	-
Assistant Manager (R&D Director)	Tsai, Tsung-Tien	69,317	-	-	-
Assistant Manager	Wang, Ju-Wen	68,900	-	-	-
Assistant Manager	Lin, Hsing-Chiao	16,988	-	-	-
Assistant Manager	Hung, Yu-Te (Note 1)	87,647	-	-	-
Assistant Manager (Financial/Accounting Officer)	Wu, Tai-Chiu	-	-	-	-

Note 1: Resigned on December 27, 2022

Note 2: Dismissed on January 12, 2023

(II) Information on counterparties of equity transfer or equity pledge which are affiliates: None.

IX. Information on relationships among TOP10 shareholders

April 23, 2023

Name	Personal shareholding		Shareholdings by spouse or minor children		Total shares held under the name of others		TITLE, NAME OR FULL NAME, AND RELATIONSHIP OF TOP 10 SHAREHOLDERS WHO ARE SPOUSES OR RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP		Remarks
	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding ratio	Name	Relations	
HON YUN INTERNATIONAL INVESTMENT CO., LTD.	15,728,165	7.01%	-	-	-	-	Baoxin International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Hung Yang Venture Investment Co., Ltd.	Note:	-
Representative: Huang, Te-Tsai	-	-	-	-	-	-	Baoxin International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Hung Yang Venture Investment Co., Ltd.	The same representative	-
Hung Yang Venture Investment Co., Ltd.	10,048,550	4.48%	-	-	-	-	Hongyuan International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Hung Yang Venture Investment Co., Ltd.	Note:	-
Representative: Huang, Te-Tsai	-	-	-	-	-	-	Hongyuan International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Hung Yang Venture Investment Co., Ltd.	The same representative	-
Hongchi International Investment Co., Ltd.	9,570,971	4.27%	-	-	-	-	Baoxin International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Hongyuan International Investment Co., Ltd.	Note:	-
Representative: Huang, Te-Tsai	-	-	-	-	-	-	Baoxin International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Hongyuan International Investment Co., Ltd.	The same representative	-
Chung, Chih-Ming	4,406,464	1.96%	1,072,879	0.48%	-	-	Chung, Jung-Hua Lai, Hsiu-Chi	Relatives of first degree Relatives Relative within the second degree of kinship	-
Lai, Hsiu-Chi	4,324,810	1.93%	-	-	-	-	Chung, Jung-Hua Chung, Chih-Ming	Relatives of first degree Relatives Relative within the second degree of kinship	-
BAO XIN INTERNATIONAL INVESTMENTS LIMITED	4,148,000	1.85%	-	-	-	-	Baoxin International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Hongyuan International Investment Co., Ltd.	Relatives of first degree Relatives of first degree Relative within the second degree of kinship	-

Name	Personal shareholding		Shareholdings by spouse or minor children		Total shares held under the name of others		TITLE, NAME OR FULL NAME, AND RELATIONSHIP OF TOP 10 SHAREHOLDERS WHO ARE SPOUSES OR RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP		Remarks
	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding ratio	Name	Relations	
Representative: Huang, Te-Tsai	-	-	-	-	-	-	Baoxin International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Hongyuan International Investment Co., Ltd.	Relatives of first degree Relatives of first degree Relative within the second degree of kinship	-
TEH TAI STEEL CO., LTD.	3,211,057	1.43%	-	-	-	-	-	None	-
Representative: Hsiao, Kuo-Tai	7,453	0.003%	-	-	-	-	-	None	-
Bingde International Investment Co., Ltd.	3,134,797	1.40%	-	-	-	-	-	None	-
Representative: Lin, Li-Lun	-	-	-	-	-	-	-	None	-
Standard Chartered Trusteeship of Liechtenstein Bank	2,599,714	1.16%	-	-	-	-	-	None	-
Chung, Jung-Hua	2,102,450	0.94%	-	-	-	-	Chung, Chih-Ming Lai, Hsiu-Chi	Relatives of first degree Relatives of first degree	-

Note: All are investee companies of Hon Hai Precision Inc. Co., Ltd. under the equity method.

X. Number of shares held by the Company, its directors, supervisors, managers and businesses under direct or indirect control of the Company in an investee, and calculation of their total shareholding ratio

December 31; unit: NT$; share; %

Reinvestment business	Investment by the Company		Investment by directors, supervisors, and managers or directly or indirectly controlled businesses		Combined investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Fast Achievement Global Ltd.	540,000	100	–	–	540,000	100
Brave Advance International Corp.(note)	–	–	500,000	25	500,000	25
Hongda Photoelectric Glass (Dongguan) Co., Ltd. (note)	–	–	23,740,000	25	23,740,000	25
Golden Start Global Corp.	71,391,373	100	–	–	71,391,373	100

Charmtex Global Corp.	–	–	71,371,373	100	71,371,373	100
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	–	–	70,000,000	100	70,000,000	100

Note: This is an investment made by the Company using the equity method.

Chapter 4. Fundraising Status

I. Capital and shares

(I) Source of share capital

1. Share capital formation process

Unit: Shares; NT$

Year and month	Price of issuance	Approved share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Those using assets other than cash to offset the share price	Others
June 1996	10	2,600	26,000,000	2,600	26,000,000	Share capital establishment	—	—
November 1999	10	5,200	52,000,000	5,200	52,000,000	Cash capital increase NT$ 26,000,000	—	Note 1
April 2000	10	9,900	99,000,000	9,900	99,000,000	Cash capital increase NT$ 47,000,000	—	Note 2
July 2000	10	15,260	152,600,000	15,260	152,600,000	Cash capital increase NT$ 53,600,000	—	Note 3
November 2000	29.5	30,000,000	300,000,000	19,990,000	199,900,000	Cash capital increase NT$ 47,300,000	—	Note 4
January 2001	15	70,000,000	700,000,000	33,330,000	333,300,000	Cash capital increase NT$ 133,400,000	—	Note 5
July 2003	13.5	70,000,000	700,000,000	39,830,000	398,300,000	Cash capital increase NT$ 65,000,000	—	Note 6
January 2004	17	70,000,000	700,000,000	46,830,000	468,300,000	Cash capital increase NT$ 70,000,000	—	Note 7
June 2004	17.6	70,000,000	700,000,000	52,830,000	528,300,000	Cash capital increase NT$ 60,000,000	—	Note 8
April 2007	11	70,000,000	700,000,000	55,830,000	558,300,000	Cash capital increase NT$ 30,000,000	—	Note 9
September 2007	12	70,000,000	700,000,000	57,229,000	572,290,000	Employee stock option exercised 1,399,000 shares	—	Note 10
October 2007	15	160,000,000	1,600,000,000	127,229,000	1,272,290,000	Private placement of ordinary shares 70,000,000 shares	—	Note 11
August 2008	10	160,000,000	1,600,000,000	133,375,543	1,333,755,430	Capital reserve to capital increase of NT$ 42,000,000 Surplus reserve to capital increase of NT$ 19,465,430	—	Note 12
August 2009	10	160,000,000	1,600,000,000	135,136,543	1,351,365,430	Employee stock option exercised 1,761,000 shares	—	Note 13
October 2009	10	160,000,000	1,600,000,000	135,206,543	1,352,065,430	Employee stock option exercised 70,000 shares	—	Note 14
January 2010	14.2	160,000,000	1,600,000,000	137,200,343	1,372,003,430	Employee stock option exercised 1,993,800 shares	—	Note 15
January 2010	22	160,000,000	1,600,000,000	150,800,343	1,508,003,430	Cash capital increase NT$ 136,000,000	—	Note 16
October 2010	30	360,000,000	3,600,000,000	178,870,709	1,788,707,090	Cash capital increase NT$ 278,629,660 Employee stock option exercised 207,400 shares	—	Note 17
January 2011	14.2	360,000,000	3,600,000,000	180,118,709	1,801,187,090	Employee stock option exercised 1,248,000 shares	—	Note 18

Year and month	Price of issuance	Approved share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Those using assets other than cash to offset the share price	Others
January 2011	14.2	360,000,000	3,600,000,000	181,203,109	1,812,031,090	Employee stock option exercised 1,084,400 shares	—	Note 19
June 2011	70	360,000,000	3,600,000,000	211,203,109	2,112,031,090	Cash capital increase NT$ 300,000,000	—	Note 20
September 2011	14.2	360,000,000	3,600,000,000	211,277,909	2,112,779,090	Employee stock option exercised 74,800 shares	—	Note 21
December 2011	60	360,000,000	3,600,000,000	234,806,909	2,348,069,090	Cash capital increase NT$ 235,290,000	—	Note 22
January 2012	14.2	360,000,000	3,600,000,000	235,525,509	2,355,255,090	Employee stock option exercised 718,600 shares	—	Note 23
October 2012	84	360,000,000	3,600,000,000	265,525,509	2,655,255,090	Cash capital increase NT$ 300,000,000	—	Note 24
September 2013	15	360,000,000	3,600,000,000	268,525,509	2,685,255,090	Issuance of new restricted employee shares 3,000,000	—	Note 25
January 2014	13.6	360,000,000	3,600,000,000	268,838,909	2,688,389,090	Employee stock option exercised 313,400 shares	—	Note 26
September 2014	10	360,000,000	3,600,000,000	268,788,909	2,687,889,090	Cancellation of restricted shares for subscription by employees of 50,000 shares	—	Note 27
December 2014	10	360,000,000	3,600,000,000	268,782,959	2,687,829,590	Cancellation of restricted shares for subscription by employees of 5,950 shares	—	Note 28
June 2015	10	360,000,000	3,600,000,000	268,687,759	2,686,877,590	Cancellation of restricted shares for subscription by employees of 95,200 shares	—	Note 29
September 2015	10	360,000,000	3,600,000,000	268,465,059	2,684,650,590	Cancellation of restricted shares for subscription by employees of 222,700 shares	—	Note 30
December 2015	10	360,000,000	3,600,000,000	268,441,959	2,684,419,590	Cancellation of restricted shares for subscription by employees of 23,100 shares	—	Note 31
December 2015	10	360,000,000	3,600,000,000	268,187,859	2,681,878,590	Cancellation of restricted shares for subscription by employees of 254,100 shares	—	Note 32
May 2016	10	360,000,000	3,600,000,000	268,115,759	2,681,157,590	Cancellation of restricted shares for subscription by employees of 72,100 shares	—	Note 33
September 2016	10	360,000,000	3,600,000,000	169,641,519	1,696,415,190	Cover losses NT$ 984,728,400 Cancellation of restricted shares for subscription by	—	Note 34

Year and month	Price of issuance	Approved share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Those using assets other than cash to offset the share price	Others
						employees of 1,400 shares		
May 2017	10	360,000,000	3,600,000,000	169,601,278	1,696,012,780	Cancellation of restricted shares for subscription by employees of 40,241 shares	—	Note 35
August 2017	15.95	360,000,000	3,600,000,000	188,410,055	1,884,100,550	Private placement of ordinary shares for raise funds of 18,808,777 shares	—	Note 36
September 2017	10	360,000,000	3,600,000,000	188,393,604	1,883,936,040	Cancellation of restricted shares for subscription by employees of 16,451 shares	—	Note 37
September 2018	12.71	360,000,000	3,600,000,000	206,393,604	2,063,936,040	Cash capital increase 18,000,000 shares	—	Note 38
August 2019	—	500,000,000	5,000,000,000	206,393,604	2,063,936,040	—	—	Note 39
June 2022	20	500,000,000	5,000,000,000	223,393,604	2,233,936,040	Cash capital increase 17,000,000 shares	—	Note 40
January 2023	10.3	500,000,000	5,000,000,000	224,185,604	2,241,856,040	Employee stock option exercised 792,000 shares		Note 41

1. Jing (088) Zhong Zi No.491343, December 9, 1999.
2. Jing (089) Zhong Zi No.428804, May 20, 2000.
3. Jing (089) Shang Zi No.129061, August 15, 2000.
4. Jing (089) Shang Zi No.140721, November 1, 2000.
5. Jing (090) Shang Zi No.102838, January 29, 2001.
6. Approved by Securities and Futures Commission, Ministry of Finance, letter Tai-Cai-Zheng-Yi-Zi No. 0920134296 dated July 29, 2003.
7. Approved by Securities and Futures Commission, Ministry of Finance, letter Tai-Cai-Zheng-Yi-Zi No. 0920162821 dated January 12, 2004.
8. Approved by Securities and Futures Commission, Ministry of Finance, letter Tai-Cai-Zheng-Yi-Zi No. 0930127233 dated June 18, 2004.
9. Approved by Financial Supervisory Commission, Executive Yuan, letter Jin-Guan-Zheng-Fa-Zi No. 0960015388 dated April 11, 2007.
10. September 29, 2007, Jing-Shou-Shang-Zi No. 09601236510.
11. October 31, 2007, Jing-Shou-Shang-Zi No. 09601266580.
12. August 13, 2008, Jing-Shou-Shang-Zi No. 09701196370.
13. August 4, 2009, Jing-Shou-Shang-Zi No. 09801172610.
14. October 20, 2009, Jing-Shou-Shang-Zi No. 09801241010.
15. January 20, 2010, Jing-Shou-Shang-Zi No. 09901013580.
16. March 16, 2010, Jing-Shou-Shang-Zi No. 09901050060.
17. October 19, 2010, Jing-Shou-Shang-Zi No. 09901235310.
18. January 17, 2011, Jing-Shou-Shang-Zi No. 10001007830.
19. April 11, 2011, Jing-Shou-Shang-Zi No. 10001067970.
20. Approved by Financial Supervisory Commission, Executive Yuan, letter Jin-Guan-Zheng-Fa-Zi No. 1000010164 dated March 21, 2011; June 15, 2011, Jing-Shou-Shang-Zi No. 10001120220.
21. Approved by Financial Supervisory Commission, Executive Yuan, letter Jin-Guan-Zheng-Fa-Zi No. 1000040118 dated August 30, 2011; September 15, 2011, Jing-Shou-Shang-Zi No. 10001214540.
22. December 6, 2011, Jing-Shou-Shang-Zi No. 10001276290.
23. January 17, 2012, Jing-Shou-Shang-Zi No. 10101008830.

24. Approved by Financial Supervisory Commission, Executive Yuan, letter Jin-Guan-Zheng-Fa-Zi No. 1010037345 dated August 30, 2012; November 1, 2012, Jing-Shou-Shang-Zi No. 10101225330.
25. Approved by Financial Supervisory Commission, Executive Yuan, letter Jin-Guan-Zheng-Fa-Zi No. 1020029855 dated July 31, 2013; September 6, 2013, Jing-Shou-Shang-Zi No. 10201183260.
26. January 3, 2014, Jing-Shou-Shang-Zi No. 10201268260.
27. September 1, 2014, Jing-Shou-Shang-Zi No. 10301181640.
28. December 12, 2014, Jing-Shou-Shang-Zi No. 10301248100.
29. June 11, 2015, Jing-Shou-Shang-Zi No. 10401100930.
30. September 2, 2015, Jing-Shou-Shang-Zi No. 10401182620.
31. December 8, 2015, Jing-Shou-Shang-Zi No. 10401254400.
32. February 15, 2016, Jing-Shou-Shang-Zi No. 10501029610.
33. May 27, 2016, Jing-Shou-Shang-Zi No. 10501114780.
34. September 9, 2016, Jing-Shou-Shang-Zi No. 10501215180.
35. May 22, 2017, Jing-Shou-Shang-Zi No. 10601065100.
36. August 15, 2017, Jing-Shou-Shang-Zi No. 10601113020.
37. September 11, 2017, Jing-Shou-Shang-Zi No. 10601128490.
38. September 17, 2018, Jing-Shou-Shang-Zi No. 10701113510.
39. August 2, 2019, Jing-Shou-Shang-Zi No. 10801090210.
40. Jing Shou Shang Zi No.11101096240, June 6, 2022.
41. January 16,2023, Jing Shou Shang Zi No.11230005190.

2. Share type

April 23, 2023, unit: share

Type of shares	Approved share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered ordinary shares	224,329,604	275,670,396	500,000,000	Including private placement of 18,808,777 ordinary shares

Note: Employee stock option exercised 144,000 shares in 2023Q2, Change registration has not been completed as of the date of publication

3. Information about the shelf registration system: Not applicable.

(II) Shareholder structure

April 23, 2023, unit: share

Shareholder structure / Quantity	Government institution	Financial institution	Other corporate entity	Foreign institutions and foreigners	Individual	Total
Number of people	0	1	238	50	39,054	39,343
Number of shares held	0	9,312	49,110,415	3,440,785	171,769,092	224,329,604
Shareholding ratio	0.00%	0.00%	21.89%	1.53%	76.57%	100.00%

Note: Shareholding ratio in Mainland China is 0%

(III) Share number dispersion status

1. Common shares

April 23, 2023

Shareholding rating	Number of shareholders	Number of shares held	Shareholding ratio (%)
1-999	18,680	1,544,914	0.69%
1,000-5,000	15,445	32,800,191	14.62%
5,001-10,000	2,681	20,847,663	9.29%
10,001-15,000	841	10,594,397	4.72%
15,001-20,000	516	9,485,281	4.23%
20,001-30,000	430	10,884,302	4.85%
30,001-40,000	217	7,723,311	3.44%
40,001-50,000	114	5,251,722	2.34%
50,001-100,000	236	16,803,290	7.49%
100,001-200,000	104	14,031,079	6.26%
200,001-400,000	42	11,843,731	5.28%
400,001-600,000	6	3,346,000	1.49%
600,001-800,000	10	6,787,914	3.03%
800,001 to 1,000,000	3	2,516,768	1.12%

Shareholding rating	Number of shareholders	Number of shares held	Shareholding ratio (%)
1,000,001 and higher	18	69,869,041	31.15%
Total	39,343	224,329,604	100.00%

2. Dispersion of special shares: The Company does not issue special shares, so this is not applicable.

(IV) List of major shareholders:

April 23, 2023

Shares / Name of major shareholder	Number of shares held	Shareholding ratio (%)
HON YUN INTERNATIONAL INVESTMENT CO., LTD.	15,728,165	7.01%
Hung Yang Venture Investment Co., Ltd.	10,048,550	4.48%
Hongchi International Investment Co., Ltd.	9,570,971	4.27%
Chung, Chih-Ming	4,406,464	1.96%
Lai, Hsiu-Chi	4,324,810	1.93%
BAO XIN INTERNATIONAL INVESTMENTS LIMITED	4,148,000	1.85%
TEH TAI STEEL CO., LTD.	3,211,057	1.43%
Bingde International Investment Co., Ltd.	3,134,797	1.40%
Standard Chartered Trusteeship of Liechtenstein Bank	2,599,714	1.16%
Chung, Rong-Hua	2,102,450	0.94%

(V)Prices, net worth, surplus, dividends, and other stock related information in the most recent two years

Unit: NT$; 1000 shares

Year / Item			2021	2022	As of May 10 of current year (Note 7)
Market price per share (Note 1)	Highest		54.40	34.75	20.35
	Lowest		24.00	15.60	15.05
	Average		35.24	21.85	18.35
Net value per share (Note 2)	Before distribution		6.94	6.59	6.50
	After distribution		(Note 8)	(Note 8)	Not yet distributed
Earnings per share	Weighted average number of shares		206,394	216,922	224,186
	Earnings per share (Note 3)		(0.59)	(1.45)	(0.10)
Dividends per share	Cash dividends		—	(Note 8)	Not yet distributed
	Stock dividends	Stock dividends appropriated from retained earnings	—	(Note 8)	Not yet distributed

		Stock dividends appropriated from capital reserve	—	(Note 8)	Not yet distributed
	Accumulated unappropriated dividends		—	(Note 8)	Not yet distributed
Investment return analyses	Price earnings ratio (Note 4)		NA	NA	—
	Price-dividends ratio (Note 5)		NA	(Note 8)	Not yet distributed
	Cash dividends yield (Note 6)		NA	(Note 8)	Not yet distributed

Note 1: the highest and lowest market prices for ordinary shares in each year and calculate the average market prices for each year based on the transaction value and volume of each year.

Note 2: based on the number of issued shares at the end of the year

Note 3: If retrospective adjustment is required because of situations such as gratuitous allotment, the earnings per share before and after adjustment must be listed.

Note 4: Price-earnings ratio = average closing price per share for the year / earnings per share.

Note 5: Price-dividends ratio = average closing price per share for the year / cash dividends per share.

Note 6: Cash dividends yield = cash dividends per share / average closing price per share for the year.

Note 7: Net value per share and earnings per share are information reviewed by CPAs for the most recent quarter as of the publication date of the annual report; the remaining fields are filled with data for the current year as of the printing date of the annual report.

Note 8: As resolved by the Board of Directors on August 9, 2022 and March 10, 2023, the Company distributed no earnings in the first and second half of 2022; the share dividends were resolved at the 2023 general shareholders' meeting.

(VI) Corporate dividend policies and execution

1. Company dividend policy.

If the Company makes profit in a year (the reference to profit means the pre-tax profit net of remuneration distributed to employees and directors), 8% shall be appropriated from the profit as employee remuneration and 1‰ shall be appropriated as director remuneration. However, an amount shall be retained for recovering the accumulated losses of the Company if any.

The employee remuneration may be made in the form of shares or cash, and the subjects for receiving the shares or cash may include employees of the affiliated companies meeting certain specific criteria and the board of directors shall be authorized to establish said specific criteria.

The foregoing matters shall be handled as resolved by the Board of Directors and reported to the shareholders' meeting.

The Company shall distribute its earnings or appropriate an amount for loss recovery at the end of half of a fiscal year. If there is still surplus in the final accounts for half of a fiscal year, an amount shall first be appropriated for paying taxes, recovering accumulated losses and paying the estimated remuneration to the retained employees. Subsequently, 10% shall be appropriated as statutory surplus reserve, but this shall not apply if the statutory surplus reserve has been up to the total capital of the Company. The special surplus reserve shall be allocated or converted according to the laws, decrees, or regulations of the competent authority. If there is any surplus, the balance plus the accumulated undistributed surplus in the first half of the fiscal year shall be used as shareholder dividends. The board of directors shall draft a distribution proposal; if it is executed in the form of new share issuance, it shall submit the proposal to the shareholders meeting for resolution after which it shall be distributed; if the dividend is issued in cash, the case shall be resolved by the board of directors.

If there is a surplus in the Company's annual final accounts, the Company shall first pay off the taxes, make up for the accumulated losses and allocate 10% as statutory surplus reserve. However, this provision shall not apply if the statutory surplus reserve has reached the total capital of the Company. The special surplus reserve shall be allocated or converted according to the laws, decrees or regulations of the competent authority. If there is any surplus, the balance plus the accumulated undistributed surplus in the first half of the fiscal year shall be used as shareholder dividends. The board of directors shall draft a distribution proposal; if it is executed in the form of new share issuance, it shall submit the proposal to the shareholders' meeting for resolution after which it shall be distributed.

To distribute dividends and bonuses or statutory surplus reserve and capital reserve in cash in whole or in part, the Board of Directors may be authorized to hold a meeting with the presence of more than two thirds of directors. Such distribution may be performed only if approved by over half of the directors present at the meeting, and reported to the shareholders' meeting.

At present, the Company is in a phase of growth. In the future, it will expand for business development. For earning distribution, it shall consider its future budget for capital expenditures and capital requirements. However, the dividends distributed to the shareholders shall not be lower than 20% of the period's earnings after tax or the period's distributable earnings whichever are lower. Among the dividends distributed in the current year, the cash dividends shall not be below 50%.

2. Circumstances of the proposed dividend distribution for this shareholders' meeting: There is no proposed dividends distribution at this shareholders' meeting

3. Description of significant dividend policy changes expected: None.

(VII) Effect upon business performance and earnings per share of any stock dividends distribution proposed or adopted at the most recent shareholders' meeting.

There is no stock dividends distribution proposed at this shareholders' meeting, thus, it is not applicable.

(VIII) Compensation of employees and directors

1. The percentage or scope of remuneration for employees and directors as provided by the Company's Articles of Incorporation:
   If the Company makes profit in a year (the reference to profit means the pre-tax profit net of remuneration distributed to employees and directors), 8% shall be appropriated from the profit as employee remuneration and 1‰ shall be appropriated as director remuneration. However, an amount shall be retained for recovering the accumulated losses of the Company if any.
   The employee remuneration may be made in the form of shares or cash, and the subjects for receiving the shares or cash may include employees of the affiliated companies meeting certain specific criteria and the board of directors shall be authorized to establish said specific criteria.
   The foregoing matters shall be handled as resolved by the Board of Directors and reported to the shareholders' meeting.
2. Account handling when the basis for the assessment of employee's and director's remuneration amount, the basis of calculation for the number of shares distributed as employee remuneration and the actual estimated amount for this period are inconsistent:
   In 2022, the Company had losses to be recovered, paid no remuneration to the employees or directors, and showed no valuation difference.
3. Remuneration distribution approved by the board of directors:
   (1) The amount of the remuneration paid in cash or stocks, for the employees and directors:
   In 2022, the Company had losses to be recovered, and paid no remuneration to the employees or directors. Both actual distribution amount and accounted amount were 0.
   (2) Ratio between total employee remuneration paid by stocks and the net tax after profit and

total employee remuneration in the standalone financial statements of the current period: NA.

4. The actual remuneration distribution for employees and directors in the previous year (including the number of shares distributed, amount, and stock price) and the number of discrepancies, reasons and handling status must be disclosed if different from the remuneration recognized for employees and directors:

   In 2021, the Company had losses to be recovered, and paid no remuneration to the employees or directors. Both actual distribution amount and accounted amount were 0.

(IX) Company shares buyback status: None.

II. Handling of corporate debts:

1. The circumstances of the Company's unredeemed and undergoing corporate bonds are as follows:

Types of corporate bonds		3rd domestic secured convertible corporate bonds
Issuance (handling) date		March 26, 2021
Face value		NT$100,000 even
Issuance and trade location		Taipei Exchange (TPEx)
Price of issuance		Fully issued based on face value
Total amount		NT$500 million even
Interest rate		Contract rate of 0%
Term		3-year period: maturity date: March 26, 2024
Guarantee institution		Bank of Panhsin Co., Ltd.
Trustee		Shanghai Commercial and Savings Bank
Underwriting agency		SinoPac Securities
Certification attorney		NA
CPA		NA
Repayment method		Unless converted into ordinary Company shares by the converted corporate bond holders pursuant to Article 10 of the Conversion Measures, redeemed in advance by the Company according to Article 18 of the Conversion Measures, or bought back and canceled by a securities firm office on behalf of the Company; the Company shall repay these bonds in cash in one lump sum at maturity based on the face value of the bonds.
Outstanding principal		NT$500,000,000
Terms of redemption or advance repayment		Refer to Issuance and Conversion Methods
Restriction clause		None
Name of credit rating agency, rating date and corporate bond evaluation results		NA
Other rights attached	Amount of converted (exchanged or subscribed) common shares, overseas depository certificates or other negotiable securities as of the	As of the publication date of the annual report, no corporate bond was converted into ordinary shares

	publication date of the annual report	
	Issuance and conversion (exchange or subscription) method	See the Company's 3rd Domestic Secured Convertible Corporate Bond Issuance and Conversion Measures for details
Possible equity dilution and impact on existing shareholders' equity due to issuance and conversion, exchange or subscription methods, or issuance conditions		Estimated at the prevailing conversion price of NT$ 35.57, it is estimated that convertible shares approximately account for 6.7556% of the total outstanding shares and have limited impacts upon existing shareholder equity
Name of the convertible subject depository institution		NA

2. Information on conversion of corporate bonds

May 10, 2023

Types of corporate bonds		3rd domestic secured convertible corporate bonds		
Year / Item		2021	2022	As of May 10, 2023
Market price of the convertible corporate bonds	Highest	137	121.08	104.00
	Lowest	110	100.50	100.10
	Average	129.31	113.19	102.49
Conversion price		Since May 23, 2022, the conversion price adjusts to NT$35.57		
Issuance (handling) date and issuance conversion price		Issued on March 26, 2021, the conversion price was NT$35.86 at the time of issuance.		
Conversion obligation fulfillment method		New share issuance		

III. Preferred share handling status: None.

IV. Overseas depository receipt handling status:None.

V. Employee stock option handling status:

(I) Handling status of the Company's unexpired employee stock options and the impact on the shareholders' equity

Employee stock option types	2020 employee stock options
Effective date of declaration and total units	September 16, 2020/3,000
Issuance (handling) date	September 17, 2020
Number of issued units	3,000
Number of issuable units	0
Ratio of issued subscribed shares to total issued shares	1.34%
Warrant exercise period	2020-09-17~2024-09-16

Warrant exercise method	Delivery of new shares issued by the company
Restrictions on the warrant exercise period and exercise ratio (%)	Stock warrants grant period / Exercisable share option ratio (cumulative) After 2 years: 60% After 3 years: 100%
Number of shares obtained	936,000
Subscribed amount	10.30
Number of shares that have not been subscribed	2,064,000
Subscription price per share of unsubscribed shares	10.30
Ratio of the number of unsubscribed shares to the number of issued shares (%)	0.92%
Effect on shareholders' equity	Original shareholder equity might be diluted by 0.92%. In the future, shareholder equity won't be impacted significantly owing to limitations on the exercise ratio and period.

(II) Names and subscription status of managerial officers who have obtained employee stock options and employees who rank among the top 10 in terms of the number of shares to which they have subscription rights through employee stock warrants

March 31, 2023

	Title	Name	Number of subscriptions obtained (thousand shares)	Number of subscriptions obtained to total issued shares (Note 1)	Subscribed				Unsubscribed			
					the number of the shares subscribed (thousand shares)	the price of the shares subscribed	the amount of the shares subscribed	Number of subscriptions to total issued shares ratio (Note 1)	the number of the shares subscribed thousand shares)	the price of the shares subscribed (dollars)	the amount of the shares subscribed (NT$ thousand)	Number of subscriptions to total issued shares ratio (Note 1)
Managerial Officer	Chairman	Chung, Chih-Ming	1,550	0.75%	294	10.30	3,028	0.13%	1,256	10.30	12,937	0.56%
	Vice President	Chiu, Huo-Sheng										
	Vice President	Wang, Yao-Chang										
	Assistant Manager	Hsu, Hsien-Yi										
	Assistant Manager	Lin, Hsing-Chiao										
	Assistant Manager	Wang, Ju-Wen										
	Assistant Manager	Hung, Yu-Te										
	Assistant Manager	Huang, Yung-Cheng										
	Assistant Manager	Tsai, Tsung-Tien										
	Assistant Manager	Wu, Tai-Chiu										
Employee	Assistant Manager	Kung, Zheng-Nien	550	0.27%	330	10.30	3,399	0.15%	220	10.30	2,266	0.10%
	Assistant Manager	Shi, Jun-nan										
	senior manager	Hsiu-Li Kao										
	Assistant Manager	Chung, hsiang-dao										
	senior manager	Zhang, Yi-shou										
	senior manager	Wang, Zhi-wen										
	senior manager	Wang, Feng-hui										
	Assistant Manager	Liao, chi-liang										
	Assistant Manager	Wei, chien-fan										
	manager	Chen, Hsin-yi										

Note 1: Total issued shares mean those listed in Jing Shou Shang Zi No.11230005190 Change Registration dated January 16, 2023.
Note 2: Dismissed on January 12, 2023

VI. Restricted shares for employee subscription handling status: None

VII. Mergers and acquisitions or share transfer to other companies for new share issuance handling status: None.

VIII. Execution of the capital utilization plan:

For the previous issuances or private placement of securities that have not been completed or have been completed within the last 3 years but the benefits are not apparent as of the quarter prior to the publication date of this annual report of the Company; please describe the content, implementation, and benefit analysis of each plan:

(I) third issuance of domestic secured convertible corporate bonds in December, 2020.

1. Plan content

(1) The approved date and the file number of the competent authority:

letter Jin-Guan-Zheng-Fa-Zi No. 1090379949 dated March 8, 2021 filed and become effective.

(2) Total capital amount required for the plan: NT$500,000,000

(3) Project's source of funds: Issued the third time of domestic secured convertible corporate bonds for 5,000, each with a face value of NT$100,000, and the total raised amount is NT$500,000,000.

(4) Project items and anticipated implementation progress:

Unit: NT$ thousand

Project items	Anticipated completion date	Total capital amount required	the fund expecting implementation progress	
			2021 First Quarter	2021 Second Quarter
Bank loan repayment	2021 Second Quarter	500,000	328,794	171,206

(5) Expected potential benefits

In 2020, the Company planned issuance of convertible corporate bonds for repaying bank loans. In addition to alleviation of the Company's burden from interest, estimated at the bank loan interest rate of 1.3191%~2.3400%, the Company cut its interest by NT$ 6,972 thousand after repaying the bank loans in Q1 and Q2, 2021, and from 2022, the Company would approximately reduce its interest by NT$ 9,671 thousand every year, in order that profits won't be eroded for increased interest arising from debts. In addition, the Company's debt structure can be improved to be less reliant upon banks and increase flexibility of financing. As bond holders successively convert their bonds into shares, it will be helpful for improving financial structure of the Company and enhancing its solvency, thus reinforcing the Company's long-term competitiveness.

2. Implementation status

The total amount of secured convertible corporate bonds issued this time is NT$500,000,000, which will be fully used to repay the bank loans.

Unit: NT$ thousand; %

Project items	Implementation status		2021 Q1	2021 Q2	2021 Q3	Reasons for progress ahead or behind schedule and improvement plans
Bank loan repayment	Amount spent	Scheduled	328,794	171,206	-	The Company's third domestic secured convertible corporate bond issuance was raised on March 24, 2021, the total raised capital is NT$500,000,000. As of the third quarter of 2021, the accumulative actual capital used was NT$ 500,000,000, were fully-used to repay the bank loans, which have been completed according to the estimated progress.
		Actual	228,030	173,470	98,500	
	Implementation progress (%)	Scheduled	65.75%	34.24%	-	
		Actual	45.60%	34.69%	19.70%	

3. Benefit analysis

(1) Increase and decrease in current assets, current liabilities, total liabilities, interest, operating revenues and earnings per share:

Unit: NT$ thousand; %

Item / Year	Q3 2020 (Before fundraising)	Q3 2021 (After fundraising)	Amount of increase or decrease	Increase or decrease (%)
Current assets	1,575,055	1,672,374	97,319	6.18
Current liabilities	1,274,357	1,293,006	18,649	1.46
Total liabilities	2,509,998	2,922,610	412,612	16.44
Interest expense	24,935	28,714	3,779	15.16
Operating income	1,818,529	1,945,355	126,826	6.97
Earnings per share (NT$)	(1.15)	(0.10)	1.05	(91.30)

Source: Financial statements audited by the CPAs

The Company issued the third domestic convertible corporate bonds of NT$ 500,000,000 in December 2020, mainly used in repaying the bank loans and reducing the burden of interest expenses. Comparisons of the changes in items of the balance sheet and statement of comprehensive income before and after fundraising suggest that in Q3 2021, the current assets, current liabilities and total liabilities exhibited a net increase of NT$ 97,319 thousand, NT$ 18,649 thousand and NT$ 412,612 thousand respectively. The funds raised were successively used for repaying bank loans, paying operating expenses and purchasing goods, thereby reducing utilization of short-term financing or deferred loans. The interest in the first three quarters of 2021 increased by NT$ 3,779 thousand compared with those of 2020 on a year-on-year basis, which was mainly attributable to the interest of NT$ 5,302 thousand incurred by domestic third issuance of convertible corporate bonds up to NT$ 500,000 thousand.

In the first three quarters of 2021, the Company actively adjusted its operation strategies and product mixes. The focus of operations was gradually shifted to smart automobiles and buildings. However, continuation of COVID-19 and shortage of IC on the market affected operations of the end customers. New technology and product development remained in progress. Related fixed costs to be amortized were relatively significant. As a result, the contribution to gross profits was limited. Nevertheless, the operating revenue and gross profit from the optical coated glass increased, because end customers had greater demand and COVID-19 drove the market demand (e.g. for indoor sports equipment). Thus, the operating revenues in the first three quarters of 2021 increased by NT$ 126,826 on a year-on-year basis compared with those of 2020, and the loss per share showed a year-on-year decline compared with that of 2020.

(2) The financial structure and solvency analysis

The Company handled the issuance of the third domestic convertible corporate bond of NT$ 500,000,000 in December 2020, which was mainly used to repay the bank loans and reduce the burden of interest expenses. After the capital increase in place in March 2010, the Company repaid the bank loan successively. The interest expense saved was NT$ 6,279,000, which was lower than the original expected interest expense NT$ 6,972,000, mainly because the repayment of the loan from the Land Bank that was originally expected to pay in the first quarter of 2021, the Company considered the business expansion and the use for capital allocation, so the amount was kept to pay until the second and third quarters.

The financial structure and solvency before and after fundraising are listed below:

Item \ Year		2020 Third Quarter (Before fundraising)	2021 Third Quarter (After fundraising)
Financial structure	Debt ratio	65.46%	66.16%
	The ratio of long-term funds to property, plant, and equipment	117.03%	133.93%
Solvency	Current ratio	114.48%	127.78%
	Quick ratio	102.85%	112.74%

In terms of changes in financial ratios before and after raising the funds, the Company issued the third domestic convertible corporate bond of NT$ 500,000,000 and fully raised in March 2021. The comparison with the actual number of the financial structure and solvency before and after raising the fund in the table above. The debt ratio increased from 65.46% before fundraising to 66.16% after fundraising. The ratio of long-term funds to property, plant, and equipment rose from 117.03% before fundraising to 133.93% after fundraising. The current ratio and quick ratio increased from 114.48% and 102.85% before fundraising to 127.78% and 112.74% after fundraising respectively. It can be seen from the above-mentioned data that after the Company has repaid the bank loans, the ratio of long-term funds to real estate, plant and equipment and the solvency of the financial structure have improved, which has the positive aids obviously. There is no big difference between the debt ratio before and after raising the funds, main because that the Company raised convertible corporate bonds to repay bank loans. In fact, there was no significant increase or decrease in bank loans plus convertible corporate bonds. Repaying bank loans will help strengthen the financial structure, Improve solvency and reduce liquidity risk, and in the future, under the circumstance that the bondholders convert to holding stocks gradually, it will help the company to improve its financial structure and strengthen its solvency, and improving the Company's long-term competitiveness. It has a positive impact on the shareholders’ equity of the Company.

(II) Executed plan for cash capital increase in December 2021

1. Plan content

(1) Approved date and the file number of the competent authority: letter Jin-Guan-Zheng-Fa-Zi No. 1100379092 dated January 26 has filed and become effective.

(2) Total capital amount required for the plan: NT$ 408,000,000

(3) Plan funding resources

17,000,000 new shares were issued for cash capital increase, each with a face value of NT$10 and the issue price per share is NT$24 tentatively. The total amount of funds raising could be NT$408,000,000. In this cash capital increase plan, if the actual issue price per share is adjusted due to the changes in market prices, and result in the fund raised being insufficient, the amount of repayment of bank loans will be reduced or the equity fund will be used. If the actual amount of funds raised is higher than the expected amount, it will turn into repayment for the bank loans or enriching the working capital.

(4) Project items and scheduled fund utilization progress

Unit: NT$ thousand

Project items	Anticipated completion date	Total capital amount required	Capital advance progress	
			2022 Second Quarter	2022 Third Quarter
Enrich working capital	2022 Second Quarter	68,000	68,000	–
Bank loan repayment	2022 Third Quarter	340,000	261,528	78,472
Total		408,000	329,528	78,472

(5) Expected potential benefits

The Company's cash capital increase is expected to raise NT$408,000,000, which is proposed to be used in repaying bank loans and enriching working capital. In addition to reducing the interest burden and improving the solvency, it can also reduce the debt ratio and increase long-term capital stability, to strengthen the Company's financial structure. For this fund raising, the Company proposes to repay the bank loan NT$ 340,000,000, which may save approximately NT$ 3,746,000 in interest expenses in 2022, and NT$ 5,971,000 per year in the following years. For this fundraising, the Company intended to appropriate NT$ 68,000 thousand to increase its working capital. If estimated at the average loan interest rate of 1.60% for the first three quarters of 2021, the interest would be cut by NT$ 756 thousand in 2022, and decreased by NT$ 1,088 thousand thereafter every year. This will appropriately relieve the Company’s financial burdens, increase its short-term liquidity and enhance its abilities to respond to risks of external environmental changes.

2. Implementation status

This time,17,000 thousand shares, with par value of NT$ 10 per share, were issued for cash capital increase at a price of NT$ 24 per share. It was estimated that NT$ 408,000 thousand would be raised, and in fact, each share was issued at a premium price of NT$ 20, and a total ofNT$ 340,000was raised. Due to variations in market prices, the raised funds didn’t reach the planned amount, and the repayment of bank loans thus declined by NT$ 68,000 thousand. Progress on the planned project fund of NT$ 340,000 thousand is described as follows:

Unit: NT$ thousand; %

<table>
<tr><td>Project items</td><td colspan="2">Implementation status</td><td>2022Q2</td><td>2022Q3</td><td>Reasons for progress ahead or behind schedule and improvement plans</td></tr>
<tr><td rowspan="4">Enrich working capital</td><td rowspan="2">Amount spent</td><td>Scheduled</td><td>68,000</td><td></td><td rowspan="12">1. The Company finished the fundraising as according to the fundraising plan in Q2, 2022 and raised a total of NT$ 340,000 thousand, from which NT$ 68,000 thousand was appropriated as working capital and NT$ 272,000 thousand was used for repaying bank loans.
2. The plan had been fully executed as of the end of Q2, 2022.
For increasing the working capital: NT$ 68,000 thousand was paid for purchasing materials, and the payment progress was 100%.
For repaying bank loans: Originally, bank loans of NT$ 233,713 thousand were expected to be repaid. In fact, NT$ 272,000 thousand was repaid, and the repayment progress was 100%. In March and June 2022, the Central Bank increased the interest rate by 0.25% and 0.125% respectively, so the Company decided to repay the bank loans of NT$ 38,287 scheduled to be repaid in Q3, 2022 in Q2, 2022.</td></tr>
<tr><td>Actual</td><td>68,000</td><td></td></tr>
<tr><td rowspan="2">Implementation progress (%)</td><td>Scheduled</td><td>100.00%</td><td></td></tr>
<tr><td>Actual</td><td>100.00%</td><td></td></tr>
<tr><td rowspan="4">Bank loan repayment</td><td rowspan="2">Amount spent</td><td>Scheduled</td><td>233,713</td><td>38,287</td></tr>
<tr><td>Actual</td><td>272,000</td><td></td></tr>
<tr><td rowspan="2">Implementation progress (%)</td><td>Scheduled</td><td>85.92%</td><td>14.08%</td></tr>
<tr><td>Actual</td><td>100.00%</td><td></td></tr>
<tr><td rowspan="4">Total</td><td rowspan="2">Amount spent</td><td>Scheduled</td><td>301,713</td><td>38,287</td></tr>
<tr><td>Actual</td><td>340,000</td><td></td></tr>
<tr><td rowspan="2">Implementation progress (%)</td><td>Scheduled</td><td>88.74%</td><td>11.26%</td></tr>
<tr><td>Actual</td><td>100.00%</td><td></td></tr>
</table>

3. Benefit analysis

(1) To increase working capital

This time, the Company planned to raise a total of NT$ 340,000 thousand, from which NT$ 68,000 thousand would be appropriated as working capital mainly for future operations and material purchases. If estimated at the Company's average loan interest rate in the first three quarters of 2021, the interest would be cut by NT$ 756 thousand in 2022, and thereafter, they would be annually decreased by NT$ 1,088 thousand. The benefits for cutting interest were supposed to be reasonable, so the plan for increasing working capital fully yielded its benefits.

(2) For repaying bank loans

①Cut interest and alleviate financial burdens

This time, the Company planned to raise a total of NT$ 340,000 thousand, where NT$ 272,000 would be utilized for repaying bank loans so that the profits would not be eroded by the interest of the original loans. After considering actual interest rate of the loans, it was estimated that the interest would be cut by NT$ 2,655 thousand in 2022, and thereafter, decreased by NT$ 4,764 thousand every year. This would appropriately ease the financial burdens, decrease reliance upon financial institutions and increase medium to long-term stable funds. Hence, the plan for repaying bank loans fully yielded its benefits.

②Enhance solvency and improve financial structure

The funds raised from this plan were partially utilized for repaying bank loans. It was expected that the debt ratio would drop from 66.16% to 63.25% and the self-owned capital ratio would increase significantly. In terms of solvency, the current ratio and the quick ratio rose from 127.78% and 112.74% before fundraising to 148.88% and 130.47% respectively. This would enhance the Company's solvency and its responsiveness to the risks of external environmental changes. As a whole, the injection of funds from this fundraising would be helpful for increasing safety of the Company's financial structure, robustness of its sustainable operations and short-term solvency.

(3) Presentation of financial structure and solvency:

Unit: NT$ thousand; %

Year / Item		2021 Q3 (Before fundraising)	2022 Q2 (After fundraising)	Amount of increase or decrease	Increase or decrease (%)
Current assets		1,760,158	1,696,409	(63,749)	-3.62%
Current liabilities		1,377,465	1,152,478	(224,987)	-16.33%
Total liabilities		2,988,770	2,840,768	(148,002)	-4.95%
Interest expense		28,714	21,549	(7,165)	-24.95%
Operating income		1,804,724	1,024,631	(780,093)	-43.23%
Earnings per share (NT$)		(0.10)	(0.67)	(0.57)	-570.00%
Financial structure	Debt ratio	66.16%	63.39%		-2.77%
	Long-term funds to fixed assets (%)	223.14%	242.30%		19.16%
Solvency	Current ratio	127.78%	147.20%		19.42%
	Quick ratio	112.74%	129.32%		16.58%

Source: Standalone financial statements of the Company

Chapter 5. Operation Overview

I. Business content

(I) Business scope

The Company focuses on providing glass processing and production services. Its production capacity and production lines keep up with the times, even deployed ahead in the industry. From glass cutting, thinning, reinforcement and coating to the 3D forming process developed during the past years' production expansion, the Company possesses complete technologies for different market segments, and can provide a range of diverse integrated glass processing and production services for the customers. In spite of competitors in some fields from AR-based multi-layer coating technology to highly difficult large-scale 3D CG and vehicle-borne interior structural parts, the Company is a rare supplier which integrates different processes, even optoelectronics, building products and technologies. This is the Company's biggest advantage in the field of glass processing services. With the rise of new technologies such as the internet of things, artificial intelligence and 5G networks, touch screens are constantly being developed for factory control, automobile, smart home, education, healthcare and other various applications, which are exactly the directions for the Company's product development. The products extend from glass processing of consumer electronics to TP module services. Moreover, the coating technologies are applied across products, including optoelectronics, healthcare and buildings. The customers have also gradually extended from earlier LCM and industrial control plants to end customers of sports products, vehicle-borne products and buildings.

1. The Company's businesses and products:
   (1) Processing and trading of optoelectronic glass: Render services for cutting, polishing, reinforcing, thinning and coating touching sensor glass and cover glass.
   (2) Processing and trading of smart automobile glass: Apply 3D glass forming technology in automobile dashboards, central control systems, multimedia voice or rear-view mirrors, displays and other touch products.
   (3) Processing and trading of smart architectural glass: Provide OEM services for energy-saving architectural glass, environment-friendly painted decorative glass, easy-clean anti-fog glass and electrochromic glass.
   (4) Others: Outsourcing and trade orders.

2. The Company's main products and their business weight

Unit: NT$ thousand

Year / Product type	2021		2022	
	Sales value	%	Sales value	%
Smart optoelectronics	693,456	26.53%	145,437	5.98%
Smart cars	196,268	7.51%	515,400	21.21%
Smart buildings	271,408	10.38%	195,660	8.05%
Others	1,452,701	55.58%	1,573,705	64.76%
Total	2,613,833	100.00%	2,430,202	100.00%

3. New products (services) planned to be developed by the Company

In terms of technology development, the Company develops big 3D automobile products and constantly deploys medium/large-sized full lamination processes. For large-size development, the technology has been extended to stereoscopic changes, including high curvature, brightness-fog combination, one dimension and three dimensions. Besides, this technology has been reflected from the same piece of 3D glass. Full lamination and injection processes are performed on the curved surface. They satisfy the demands for automotive electronics, constantly conforming to the large-size automobile specifications.

In addition, for combination with electrochromic glass, coatings up to higher specifications are applied in architectural glass. Uniform surface impedance and coating quality facilitated uniform coloration efficiency for large electrochromic glass at the time of color change, reduced impacts of color differences when color of large curtains changed, and contributed to superior quality of green buildings.

In development of consumer electronics, attention is mainly focused on developing non-conductive metallic decorative coating technology, which is mainly applied in 5G communications. The metals have remarkable functions for shielding. Their alternatives mainly include porcelain, glass and plastics. Therefore, the Company concentrates on developing non-conductive coating technology, providing consumer products for exterior decoration and constantly possessing metal attractive products, but also products suitable for the 5G age. Although the industry is full of challenges and transformations, the Company has never changed its determination to be deeply rooted in the glass processing industry, and deploy new businesses, products and technologies. Its development outcomes in new technologies and products in 2022 are as follows:

(1) Developing AR coating technology for automobile 3D multi-curvature glass is helpful for improving 3D curvature coating process.
(2) Large multi-curvature glass may be developed for automobile displays as follows: size>1,000mm, R<0.2%.
(3) Development of electrochromic glass G5 products.
(4) Cropping and gluing technologies have been developed for architectural glass. They have been applied in the automobile market.

(II) Industry overview

1. Industry status and development

As a professional glass processing service provider, the Company mainly conducts the following businesses: Manufacturing and international trade of glass/glass products and electronic parts; providing products and processing services such as glass cutting, polishing, thinning, reinforcement, coating, 3D-formed glass and architectural glass. The Company has been deeply rooted in the industry of optoelectronic glass for more than 2 decades. In particular, it possesses advantages in processing ultra-big, ultra-thin glass and those in line with special customer specifications. However, with the changes of electronic products and technologies, its products have extended from past glass for scanners, photocopiers, TN/STN and TFT LC displays to the recent years' thinned class, reinforced glass for touch panels, coated glass, cover glass and 2.5D~3D-formed glass. Dependent upon its complete integrated glass processing services, the Company has begun to step into the fields of automobile products, industrial control and green buildings. At present, the Company's products are widely applied in various displays and electronic devices such as smart cellphones, notebooks, desktop computers, e-book readers, liquid crystal displays and television sets as well as other consumer electronics.

In the automobile industry, they are applied in display panels of central control systems, automobile dashboards, display panels of cold air conditioners, navigation systems, and display covers of I-KEY remote controllers in the automobile interior market. The products applied in green buildings include smart glass for energy-saving buildings, environment-friendly baking varnish glass and easy-clean anti-fog glass. The Company is a rare glass processing service provider in diverse fields. Industries of products are hereby summarized as follows:

(1) Smart optoelectronics

① Smart display market

In 2022, the demand was below the normal level, mainly because COVID-19, global inflation, supply chain disruption and increased costs of raw materials caused an energy crisis. As a result, the demand shrank. It was in 2022 that the growth of demand was negative in the field of flat panel displays. In 2023, the demand will grow by 6.2% in the display market. As inflation weakened and raising of interest rate slowed down, the demand has declined drastically to the bottom. It is expected that annual compound growth of 28.4% will be realized. In the future, the rapid growing demand for smart homes and Internet-based home products will procure manufacturers of the market to add new functions to its products, enhance product reliability, increase utilization ratio of products, and drive market growth of smart displays.

The application of the Internet of things is one of the major factors which have promoted the use of smart home equipment and transformation of conventional homes into smart ones. With the constant increase of energy costs, cost-effective solutions are being offered to consumers in terms of lights, thermostats, smart sockets and energy-saving electric appliances. With the rise of voice assistants of sound speakers, the application of artificial intelligence in smart home equipment has drastically stimulated the demand for smart equipment of the Internet of things.

According to the data of MIDA, the value of the global smart home market is expected to reach about USD 400 billion within 8 years, and the sales of smart home equipment will account for 40% of total sales of home equipment.

Owing to the Internet of things in the fields of energy and infrastructure, the concept of smart cities shows bright prospect. As per data of the Asian Development Bank, about 70 million populations are expected to become urban residents in Southeast Asian countries in 2025. Therefore, ASEAN will identify technological advancements in smart cities and smart equipment as challenging options for urbanization.

② Cover Glass

In the cellphone and tablet markets, attention is focused on promoting mid and low-class products. The applied technologies are gradually oriented towards ITO films and other alternative materials. As a whole, cover glass is still necessary for structures of touch panels except for OGS. In addition, the strength of OGS has been weakened because of processes. Thus, OGS has to be reinforced twice. As a consequence, the customers are still worried when OGS is applied in cellphones and tablets. In general, no matter what kind of technology is used for touch control, cover glass is required. In consideration of the market development of NPD as estimated above, the demand for cover glass will continue increasing year by year.

③ Industrial development

As the powerful remains powerful in the industry of touch panels, in particular, for price competitions of the red supply chain, production capacity is excess and profits greatly shrink. After years of elimination, the manufacturers of touch panels have significantly decreased. Some of them have even been bankrupt, delisted and reorganized. Therefore, small-quantity diverse and custom niche products, including industrial control and medical products, have progressively become development orientations of new products, mainly because it is uneasy to replace suppliers of products with long certification period, and the product life cycle is relatively long. The life cycle of a single model is even as long as over 3 to 5 years. In addition, orders are relatively stable and products are highly customized in the European and American markets of industrial control equipment. Therefore, the price competitions in these markets are not as fierce as those in the markets of Mainland China or Taiwan. These European and American markets belong to niche product markets.

End customers have begun to guide the modular services for TP Modules, so TP Modules will gradually be driven by LCD panel manufacturers or their agents, and most TP manufacturers will slowly become supporting actors. Therefore, our strategy has gradually shifted from originally being industrial control factory-based to directly focusing on sports/vehicles and other customers, supplemented by LCM customers.

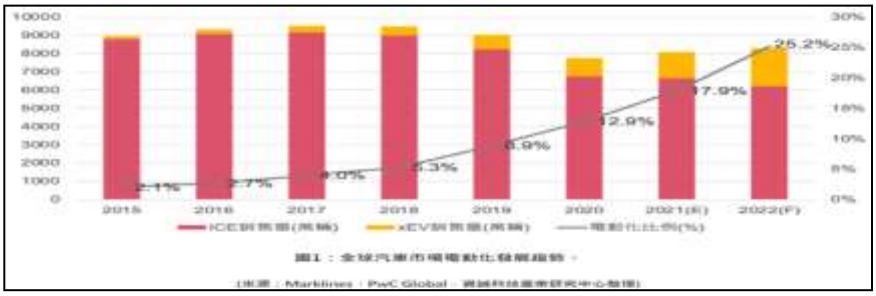
(2) Smart cars

After the first outbreak of COVID-19 in 2020, it was inconvenient for the consumers to go out owing to quarantine and lockdown. As a result, the automobile market rapidly declined that year. In 2021, the production capacity of chips was affected by the natural disasters of Japan and United States. In the middle of that year, the package test lines were impacted by lockdown that automobile chips were short of supply. Even global supply of global materials and chips were short of supply. The automobile manufacturers had no choice but to decrease and even suspend their production. Although all major chip manufacturers expanded their production on a large-scale basis, it was still difficult for the chip suppliers to rapidly resume the balance over a short period. In 2022, the global automobile market still faced pressure from reducing or suspending production.

① Rapid growth of the electric vehicle market

Conventional fuel vehicles were impacted most significantly by the shortage of chips, and it was the fourth consecutive year that that decline had occurred. In contract, the electric vehicle market drastically grew by 45%, and in this market, there had been 1,450 electric vehicles. The main reason consists in that manufacturers of electric vehicles can maintain stability of the sales by redesigning software/hardware and adjusting product memory. The manufacturers which produce both fuel and electric vehicles will manufacture more electric vehicles and avoid producing fuel vehicles in case of chip shortage, on the grounds that there are stringent rules on the manufacturers' average fuel consumption of vehicles or average carbon emission in major countries of the world.

According to estimations of IHS Markit and PwC Global, the sales of electric vehicles accounted for 17.9% of the entire automobile market in 2021, and grew by 44.1% in 2022 when the market penetration rate was up to 25.2%. In 2027, the electric vehicles will formally outperform the conventional fuel vehicles, which will gradually exit from the automobile market.



② Development of hybrid electric vehicles (HEV) and battery electric vehicles (BEV)

Conventional fuel vehicles are on the way of becoming energy-saving with lower carbon emissions. HEVs are important phased products for conventional vehicle manufacturers to reduce fuel consumption in place of pure fuel vehicles. As automobiles become increasingly more electronic, and global governments specify more and more stringent emission and environmental requirements for the automobile manufacturers, mild hybrid power systems have almost become standard configurations for European vehicles so that consumers will not only consider environment-friendliness and fuel saving of electric vehicles, but also be free from the limitations upon the mileage of the electric vehicles and charging concerns.

In 2021, BEVs grew by 121% in the electric vehicle market, mainly because in the past years, the electric vehicle brands, conventional big vehicle manufacturers and emerging vehicle manufacturers have vigorously launched new models of battery electric vehicles to drive constant market growth. For instance, Model 3 and Model Y of Tesla, which are relatively affordable, are sold well. Moreover, MINIEV, a mini vehicle model of Wuling Null, which is known as “a fabulous vehicle model” in Mainland China, has even become scooters for nationals. Besides, BYD, Chery, Chang’an, GAC and three major emerging vehicle manufacturers (namely Lixiang, NIO and Xiaopeng) achieved exceptional sales performance in 2021.

At present, 42% of the vehicles are electric in the entire automobile market of Europe, where the most automobiles are electric in the world. The sales of battery electric vehicles in Mainland China account for 60% of the total global sales. Constant promotion of policies has not only contributed to emergence of electric vehicle manufacturers, but also driven rapid growth of supporting industry chains, including lithium batteries and charging piles. Besides, consumers have gotten used to using electric vehicles as means of transport for their daily life, so Mainland China has become the world’s biggest market of BEVs.

③ Challenges to future development of the electric vehicle market

In their energy conservation and carbon reduction policies, major countries of the world promote more and more stringent carbon emission standards to restrict production of conventional fuel vehicles. In the future, the electric vehicle market will maintain constant growth, and conventional fuel vehicles will gradually exit from the market. The market challenges thereby encountered are as follows:

- Supply chain of vehicle chips: As vehicles tend to become electric and intelligent, the demand for vehicle chips will far exceed that for conventional fuel vehicles. With the diverse development of vehicle chips, more and more type 3 semiconductors and AI related chips will be applied in the electric vehicles. Concerning how to maintain stable supply, constant innovation and development of chips, it is necessary to reconstruct a supply chain system for vehicle chips.

- Government subsidization policies: With the expansion of markets, the subsidies for the electric vehicles will decline, thus bringing about growing pressure for cost control. For instance, the subsidies have decreased to different extent in Mainland China, Germany, United Kingdom, France and so on. In addition, affected by the Ukraine-Russia war, the price of nickel (a critical material of power batteries) has significantly soared. It will become a consideration for consumers to decide whether to pay more for purchasing electric vehicles.
- Competitions among automobile brands: All links of automobile brands, including their development processes, private brand building, product design and development, patent deployment, supplier evaluation, supply chain management, legal certification, consumer experiences, market promotion and after-sales services, are critical. The brands will go bankrupt if only any problems exist in any link. Therefore, consumer requirements have become more and more stringent despite broad space for development in the electric vehicle market. In addition, powerful manufacturers fiercely compete with each other in the market. For instance, Apple, Huawei, Xiaomi, Baidu, Alibaba and FOXCONN are good at making use of their software or hardware advantages to integrate their supply chains and enter markets. Furthermore, conventional automobile bands are also speeding up their transformations for making their vehicles electric, so the competitions will be fiercer in the future.

④Intelligent cockpits have drive the demand for vehicle panels

As to panel designs for intelligent cockpits, apart from pillar-to-pillar (A-pillar to A-pillar) designs, the panels tend to be designed big and extended to the passenger seat. Meanwhile, dashboard, console and copilot’s panel will be combined into an integrated display, and more than 90% of the displays available from the market are LCDs. With the promotion of intelligent cockpits, electric vehicles and autonomous vehicles, vehicle panels revive faster than vehicles, because there will be a constant increase in automobile panels. The output of panels amounted to USD 7.7 billion in 2021, expected to exceed USD 10 billion in 2024, with an annual compound growth rate of 8.1%.

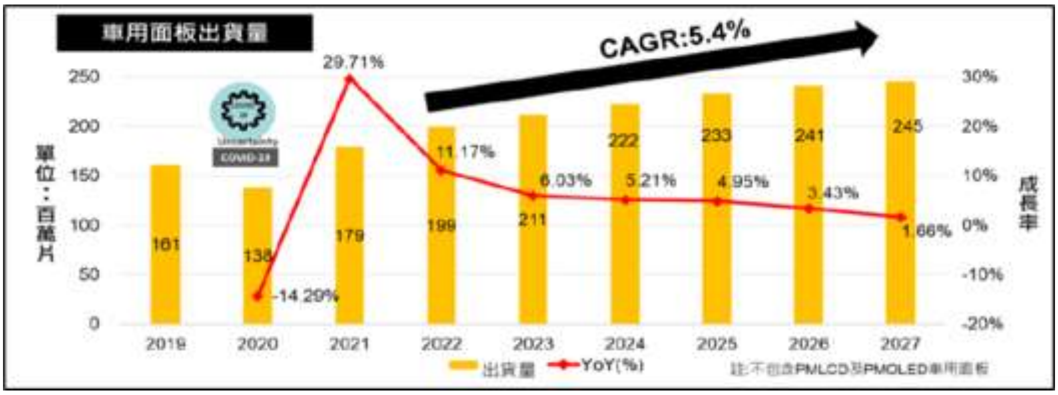
For development of application scenarios of smart cockpits, panels are main interfaces for human-machine interactions. They are made smart through more intelligent and advanced displays.

- Shared autonomy: In order that vehicles can sense passengers and actively provide information for driving, vehicle-borne software and hardware combination is enhanced with the support of voice, gesture control and other interactive technologies. The advanced driver assistance system (ADAS) is used in combination, supported by intelligent interactions and displays, to realize semi-autonomous decision making of machines.
- Internal and external sensing: In order that the vehicles can sense external road conditions, scenarios are created for communications from inside to the outside of the vehicles. The sensing and service scope of the intelligent cockpits has also been extended to the external environment. The technologies and infrastructure for the Internet of vehicles have been developed to a certain extent as well.

• Application foremost: The improvement of intelligent driver assistant systems has greatly alleviated driving workload. The passengers can enjoy recreational services of the cockpits, especially visual picture and sound services.

資料來源：Omdia、工研院產科國際所

圖 5、智慧座艙面板設計趨勢



(3) Smart buildings

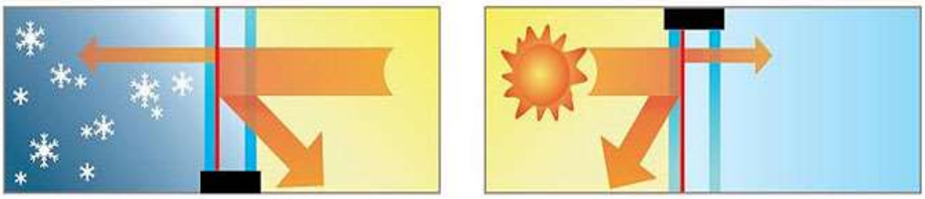
With the increase of global environmental awareness and worldwide prevalence of energy conservation and carbon reduction, the Building Research Institute, Construction and Planning Agency, Ministry of Civil Affairs started promoting green building labels from 1999 and implementing policies for green building materials from January 2006. It further amended laws in 2019 and formally implemented them in 2021. It increases the lower limit upon the utilization ratio of green building materials in building decoration. It increases the utilization ratio of green building materials for interior decoration from 45% to 60% and that for exterior decoration from 10% to 20%. The policies for energy conservation have been extended to the commercial, office and residential building markets.

In 2050, a global consensus will be reached on the net zero emissions, and the application of green buildings seems to have become a market trend. With its high-quality Low-E energy-saving architectural glass, environment-friendly baking varnish glass and easy-clean glass promoted by its building business division, the Company can fully supply Taiwan environment-friendly green building materials through its localized processes, to create more comfortable and wonderful energy-saving living environment.

① Energy-saving glass

As energy conservation and carbon reduction became prevalent, energy-saving glass products have gradually aroused concerns of the building industry. “Energy-saving glass” refers to coated glass with surface coating and low infrared emittance. It is also known as low-E glass. They can effectively reduce energy consumption for air conditioning and lighting, because they cannot only block a majority of heat from solar radiation, but also maintain original lighting effect of glass. Functional schematic diagram of low-E glass is as follows:

②Intelligent color-changing glass



冬季：
室內的熱能因Low-E雙層玻璃的阻斷
而不易輻射至室外，而能保暖。

夏季：
阻斷大量輻射能的穿透，僅少數的熱能進入
室內（鍍面在第二面）保持涼爽。

By changing its light and energy, the color-changing glass saves energies, cuts expenses, increases environmental comfort and enhances privacy.

There are three forms for changing energy of color-changing glass:

- Photochromic
- Thermochromic
- Electrochromic, SPD, PDLC

Only EC smart windows are optional, with a wide range of penetration rate optional. They can be rapidly opened and closed. With energy-saving anti-glare control, they protect privacies and keep durable for 20 years. Smart color-changing glass will replace conventional glass and sunshade curtains of buildings. In particular, they will be utilized in indoor compartments, high-end residential and commercial buildings. The Company’s technology has been able to block 99.9% of light within 5 minutes.

2. Product applications

(1) Upstream, midstream and downstream connections of the industry

Glass substrate, PET film, ITO target materials and optical clear adhesive (OCA) are upstream raw materials in the industry of touch panels and displays. Glass substrate is also divided into glass substrate for touch sensor and cover lens for touch panels. The materials and specifications of glass substrates vary with their purposes. Their suppliers somewhat differ as well. At present, the glass substrates are mainly supplied by Japanese (AGC, NSG) and American (CORNING) manufacturers.

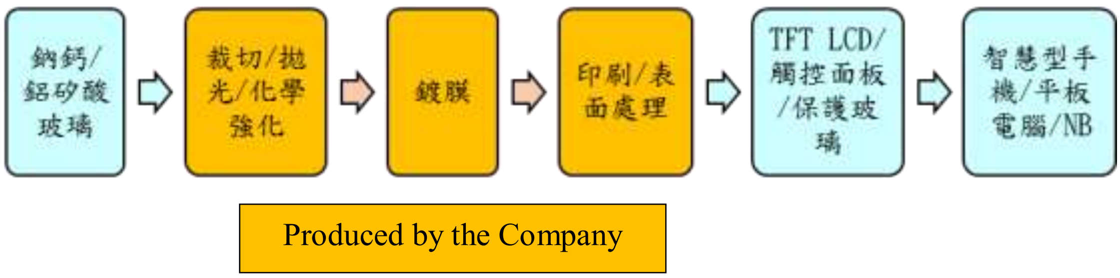
OCAs are mainly used for lamination of touch panels. Sputter PET films with ITO target materials to make ITO conductive films. Sputter glass substrates with ITO target materials to make ITO conductive glass. They are assembled by workers of touch modules into panels, for application in cellphones, tablets and other final products.

The Company is located in the upstream supply chain. For details, refer to the picture below:

(2) Touch display: Optical coatings, cover glass

Aluminosilicate glass must undergo various processes such as cutting, edging, drilling, polishing, thinning, strengthening, printing, laser engraving, and coating based on the needs of different terminal applications. There are also different levels of processing according to the customer's design in terms of glass shape, mechanism, and strength. There are as many as a dozen manufacturing processes, and the processing service is highly customized. The products are then shipped to the touch module or system assemblers.

The basic cover glass processes are as follows:



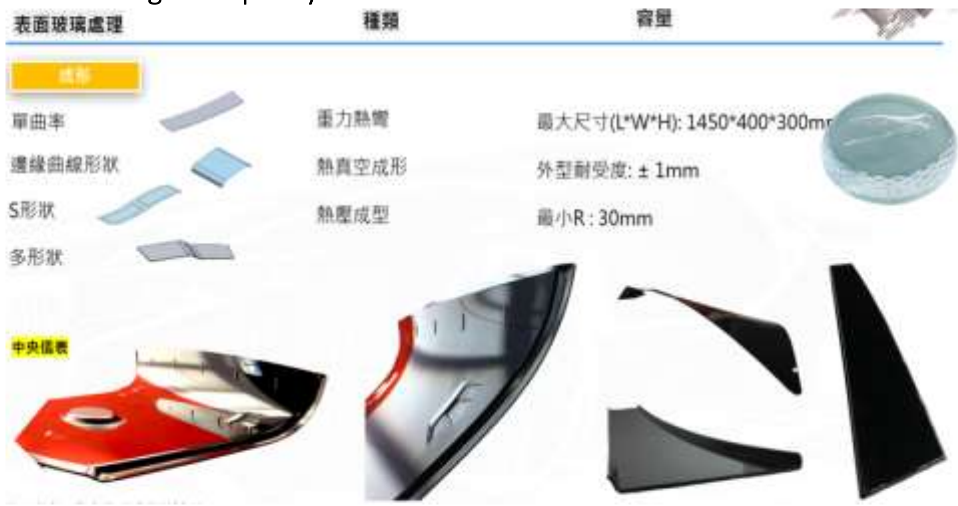
In 2008, the Company created 7.5-generation (1,950mmX2,250mm) ITO conductive coated glass production line, and owned special heat-resistant transparent conductive coating technology. In 2017, it cooperated with KTI, a big American electrochromic factory, to develop TCO with low impedance and high penetration ratio. Within one year, it put the TCO into mass production and actively engaged in developing electrochromic technologies. In addition to ITO-coated conductive glass, the Company also developed AR coating, thus reducing the reflectance by 75% while increasing definition and comfort of the display panels. By designing optical film stacks with high and low reflective materials, high-quality anti-reflection coatings are acquired through online coating thickness and optical monitoring. In addition, anti-smudge/anti-fingerprint (AS/AF), anti-glare (AG) and other special glass surface treatment technologies are developed. With the combination of diverse products, one-stop services are made available to customers' full purchases. In this field, the Company has taken the lead in production capacity and technologies.

(3) 3D-formed glass

(1) The 3D glass production process is extremely complex with extremely high technology and capital thresholds, and requires large-scale capital investment. The Company has been engaged in the curved glass processing industry for many years, accumulated rich production experience, and gained the most advanced production technology in the industry, which has laid a solid foundation for the Company's technology R&D and capital expenditure. In the automobile market, internal combustion engines have been gradually developed towards electric vehicles, and their designs have to be more technological, so the Company introduces 3D product designs into the automobile market. It takes advantage of related technologies, capitals and customers, in hope of maintaining leading advantages under the new trend. The products include internal automobile accessories, automobile dashboards, central control systems, multimedia voice or rear-view mirrors, displays and other touch products.

(2) ① Product applications:

② Technological capacity:



3. Product competitiveness

Over two decades after its establishment, the Company focuses on providing glass processing and production services. Its production capacity and production lines keep up with the times, even deployed ahead in the industry. From glass cutting, thinning, reinforcement and coating to the 3D forming process developed during the past years' production expansion, the Company possesses complete technologies for different market segments, and can provide a range of diverse integrated glass processing and production services for the customers. Although there are competitors in the glass cutting, thinning, strengthening, and coating fields, G-TECH remains the only company in Taiwan and even in the world that can provide integrated production with multiple processes in terms of integrated services. This is one of G-TECH's biggest advantages in the field of glass processing services.

In terms of technology development, the Company develops big 3D automobile products and constantly deploys medium/large-sized full lamination processes. For large-size development, the technology has been extended to stereoscopic changes, including high curvature, brightness-fog combination, one dimension and three dimensions. Besides, this technology has been reflected from the same piece of 3D glass. Full lamination and injection processes are performed on the curved surface. They satisfy the demands for automotive electronics, constantly conforming to the large-size automobile specifications.

In addition, for combination with electrochromic glass, coatings up to higher specifications are applied in architectural glass. Uniform surface impedance and coating quality facilitated uniform coloration efficiency for large electrochromic glass at the time of color change, reduced impacts of color differences when color of large curtains changed, and contributed to superior quality of green buildings.

In development of consumer electronics, attention is mainly focused on developing non-conductive metallic decorative coating technology, which is mainly applied in 5G communications. The metals have remarkable functions for shielding. Their alternatives mainly include porcelain, glass and plastics. Therefore, the Company concentrates on developing non-conductive coating technology, providing consumer products for exterior decoration and constantly possessing metal attractive products, but also products suitable for the 5G age.

At present, computer, communications and consumer electronic products tend to be designed lighter, thinner, shorter, and more stylish and concise. Display screens are getting increasingly bigger, and full-plane and narrow bezel designs are becoming more popular. In terms of input interface, mechanical keyboards have gradually been replaced by touch panels. Affected by COVID-19, the demands for online office work and education have greatly increased, which has driven the demand for medium-sized and big touch displays, so large size, ultra-high definition, narrow bezel, low costs and diverse applications will be future development trends of displays. With the application of full lamination technologies, the Company procures production of touch displays as integrated products. Future technological development of touch screens will rely upon process innovations and material breakthroughs. Under this trend, the requirements for glass machining processes have become more diverse and customized. Production capacity and processes shall be determined according to customers' product designs.

(III) Technology and R&D overview:

1. Business technical level and R&D overview:

The Company is a professional provider of photoelectric glass processing services and key glass components, and its core technologies include glass cutting, polishing, coating, and strengthening. The Company is actively developing precision cutting, high-efficiency polishing, multi-functional coating, super-size substrate and reinforcement. In addition, G-TECH is also actively developing integrated applications that combine the Company's core technologies to satisfy the high-customization demands for terminal products. The development focus of the Company's R&D unit includes the continuous development of existing core technologies, and integration of existing technologies for customization and different application trends.

Among multi-functional coatings, curved coatings and multi-angle anti-reflectance coatings with small color differences are especially the focuses of development. The Company performs big data analysis through precise simulation software, to optimize coating design and improve customer satisfaction. In particular, on internal automobile operation interfaces, low-reflectance AR coatings are used for increasing LCD contrast and decreasing eye discomfort. In addition, the Company launches highly absorbent integrated black anti-reflectance AR coatings in order that ink frames of display screens are close to the black contrast of the view areas, to realize integrated black technologies for overall vision. In addition to anti-reflective coatings, we have also developed stain repellent coatings, anti-glare coatings, and antibacterial coatings to meet the diverse needs of customers.

In terms of terminal applications, the Company uses glass as the base material for its products and offers various processing services for various displays and electronic devices. Small-size products include smartphones and multimedia players; medium-size products include tablets, game consoles, e-book readers, as well as satellite positioning and navigation systems; and large-size products include All-In-One PCs, notebook computers, LCD monitors, and LCD TVs. In addition to flat glass applications, the Company has also actively conducted technical R&D for special shaped glass products in order to meet the application needs of next generation cover glass demands for electronic devices. In terms of automotive industry applications, the Company has used its quality systems to achieve high-standard automotive certifications, and jointly developed non-planar glass interior integrated products with its customers. Such products include central control systems, display and touch applications, and curved or multi-curvature decorative panels. The objective is to provide durable cover glasses needed to satisfy human-machine touch-panel interface simplifications and lightweight designs in response to the electrification of vehicles, achieve product integration, and meet more innovative application requirements from the market.

The Company has established trial production lines and laboratories in the plants to research and develop new processes and technologies, and continued to invest R&D funding for the improvement and integrated development of the important core technologies mentioned above. As the market grows and consumer electronic products continue to evolve and change, 3D forming glass has considerable development potential based on the application demands for new functions, shapes, and materials.

2. R&D expenses incurred in the most recent years and as of Q1, 2023

Unit: NT$ thousand

Year / Item	2020 (consolidated)	2021 (consolidated)	2022 (consolidated)	Q1, 2023 (consolidated)
R&D expenditure	39,442	64,105	62,314	24,248
Net operating income	2,448,536	2,613,833	2,430,202	396,074
Ratio of R&D expenses to net revenue	2%	2.45%	2.56%	6.12%

3. Successfully developed technologies or products

Year	Contents of R&D achievements	Main benefits (feature description)
2017	1. Development of multi-cavity mold technology	Improved product efficiency
	2. Development of high-strength molding technology	Improved product strength design
	3. AR development of multi-layer structure	Development of ultra-low reflection multilayer film
	4. Development of low-impedance and high-temperature resistant conductive film	In response to smart glass product demands
	5. Development of medium and large 3D glass forming technology	In response to large-size interior panel needs after automotive electrification
	6. Electrochromic process technology development	Promoted construction market application needs
	7. Floating edge glass gluing process	Improved glass utilization rate and increased product competitiveness
	8. Electro-optical multi-layer technology	In response to large electrochromic glass demands
2018	1. Vehicle display multi-curvature glass development	In response to diverse vehicle interior design needs
	2. Multi-stage color changing process technology development	Adjusted the degree of sunlight according to weather forecasts
	3. 3D high penetration multilayer coating technology development	Multi-curvature design for use in combination with high-throughput coating due to high sunlight reflection in the driving area
	4. Optoelectronic gluing technology	Multi-curvature design and panel combination
2019	1. Development of TCO materials for high-temperature resistant transparent conductive films	Second supplier; reduced costs.
	2. Development of multi-stage electrochromic process technology	Developed new products and applications

Year	Contents of R&D achievements	Main benefits (feature description)
	3. 3D high penetration multilayer coating technology development	Increased product performance
	4. Vehicle display multi-curvature glass development	Developed new products and applications
2020	1. Building optoelectronic gluing technology	New technology development; improved yield.
	2. Development of automotive 3D anti-reflection film	Uniform films contribute to 3D curved AR without color difference
	3. Vehicle cover glass non-plating technology	Development of traceless coating technology
	4. Development of electrochromic layer materials	Use of Sputter technology to develop EC materials
2021	1. Multi-angle AR with uniform color	Vehicle cover glass application
	2. Building photoelectric negative pressure gluing technology	Developed diversified product applications
	3. Development of electrochromic layer materials	Electrolyte glue development.
2021	1. New equipment and technologies for mass production of 3D vehicle-borne forming glass	New technology development; improved yield.
	2. Automobile 3D AR vacuum evaporation technology	Improve coating process for 3D curved surface.
	3. Ultra-low anti-reflectance coatings, R<0.2%	New products made with coating technologies.
	4. Development of PDLC bonding technologies	Apply bonding technologies in the vehicle-borne market.
2023	1. Develop special plated optical coatings for vehicle-borne HUD of front windshields.	Plate glass of vehicle windshields by sputter AR , and apply them in HUD or mixed scenarios.
	2. Develop electrochromic conductive films for vehicle skylights.	Plate transparent conductive films on 3D curved surfaces of skylights and apply them in the electrochromic field.
	3. Develop low-cost and high-efficiency hot forming furnaces for 3D curved glass.	Perform low-power thermal insulation designs and improve efficiency in the process of molding, to develop the latest low-cost hot forming furnaces.
	4. Develop CNC cutting and edge grinding of vehicle glass into different shapes.	Design machines and optimize production processes for vehicle glass.

4. Competitive strategy

The Company has over a decade of accumulated experience in display glass processing related technology R&D and production, and has the most comprehensive, largest scale, high-level process integration, and strongest capability to meet the industry trend demands among its peers in Taiwan. Compared to smaller-scale or newly-entered competitors, the Company has firmly maintained its leading position in technology and production capacity, and possesses strong competitive advantages. The Company also aims to be a world-class comprehensive optical glass processing service provider. In the future, the Company will continue to grasp market trends, invest R&D resources, and maintain capacity expansion speed and efficiency in order to create higher growth momentum and profitability.

(IV) Long- and short-term business development plans

1. The Company's short-term business development plan
   (1) Operating strategy: In addition to deploying existing smartphones, tablet computers, and electronic product peripheral accessories on the market, the Company will also actively develop non-consumer electronic markets such as industrial control and accelerate expansion in the architectural glass market.
   (2) Product strategy: Build a production line suitable for small-volume and high-diversification production according to the demands of customers in the market, quickly increase production capacity, and achieve mass production and production efficiency in the shortest time in order to achieve a win-win for Company profits and customer interests.
   (3) Marketing strategy: Expand the customer base and extend the core competence related product applications in order to achieve the objectives of high speed, service optimization, cost effectiveness and best quality.
2. The Company's mid- and long-term business development plan
   (1) Operational strategy: Improve technology and process capabilities, provide total solutions, widen the gap with competitors, and maintain industrial competitiveness and high profitability.
   (2) Strengthen the R&D of new products and materials with cost advantages in order to enhance the Company's long-term competitiveness.
   (3) Vertical supply chain integration: Obtain more electronic glass substrate procurement and processing technology advantages via in-depth cooperation with electronic mother glass manufacturers. Partner with Asahi Glass for architectural glass in order to create new demands in Taiwan's architectural glass market.
   (4) Marketing strategy: Pass the TS16949 quality system certification, actively expand the automotive market, and develop new products and new customers based on customer needs. Expand the market for niche products such as electronic whiteboards and Mirror Glass, and extend the reach into this market.

II. Overview of market, production and sales

1. Market analysis

(1) Sales areas for main products

Unit: NT$ thousand

Year / Sales regions	2021		2022	
	Sales amount	Ratio	Sales amount	Ratio
Mainland China	1,605,316	61.42%	1,683,241	69.26%
Taiwan	956,942	36.61%	600,556	24.71%
Belize	0	0.00%	0	0.00%
U.S.	16,869	0.65%	17,689	0.73%
Others	34,706	1.33%	128,716	5.30%
Total	2,613,833	100.00%	2,430,202	100.00%

Note: Must be based on the consolidated financial report.

(2) Future supply and demand and growth status of the market

In recent years, the application of glass in electronic devices has become increasingly more widespread. Since 2007, the demand for touch-sensing and cover glasses has grown rapidly as mobile phones started to adopt full-screen touch control. Since 2010, tablet PCs started to offer 100% full-screen touch controls, and the screen sizes for smartphones have been enlarged from 3.5 inches to 10 inches to provide larger glass areas for use. For glass processing service manufacturers, the market size has grown exponentially each year.

Although the demand for smartphones and tablet computers has gradually entered a slow-growth period after years of increasing demand, the trend remains positive. The mainstream sizes of smartphones have grown from 3.5 inches to 5.5 inches, and 7- to 8-inch tablet PCs are also vying for market share.

In terms of the 2D/2.5D mobile phone and tablet computer cover glasses, worries about oversupply gradually emerged in 2013 because numerous manufacturers have invested in production capacity deployment in the market since 2011.

Instead of previous quantitative growth, the Company’s glass processing services have also tended to design more differentiated and diverse products. With diversified process services, the Company is the sole leader in the market in processing high-precision anti-reflectance (AR) coatings, 3D-formed glass and other highly variable glass products with varying curvature. This is also helpful for driving sustainable business development of the Company.

As the market demand for touch panels is in the initial phase of growth, application of cover glass is also in an early phase. With the rapid expansion of touch panels in terminal applications and the rapid growth of demand for medium-sized/big tablets, application of visual designs of NB and LCD TV sets in cover glass, the demand for applying tempered glass and cover glass in the terminal devices of electronic products is expected to soar.

(3) Competition niche

A. Strong professional management team, excellent R&D capabilities.

B. Direct cooperation with brand manufacturers for development, and a grasp of first-hand market information.

C. High technical threshold, vertically integrated products, and lack of comprehensive competitors.

D. Adoption of the latest automatic coating equipment and leading technology with high production efficiency.

E. The leading exclusive 3D forming glass mass production manufacturer in the market.

(4) Favorable and unfavorable factors for development prospects as well as countermeasures:

①Favorable factors:

a. Providing customers with highly integrated and customized product requirements.

Since G-TECH has a full production line service process capability for areas such as cutting, grinding, thinning, etching, polishing, strengthening, and coating, it can satisfy brand customers' high-customization demands for glass products and provide one-stop shopping services.

b. Possession of the world's largest glass strengthening furnace and AR coating capacity.

In terms of the production capacity of strengthened glass for touch panels, G-TECH is currently the world's largest supplier for chemically strengthened glass due to its early deployment and active production capacity expansion in the past two years.

c. Being part of the supply chain for first-line brand manufacturers helps consolidate the Company's position and expand the market.

G-TECH's complete comprehensive glass processing service production line can meet the needs of first-line brand customers. G-TECH has also passed major international plant certifications and established its leading position in the glass processing field.

d. Leading technology with deployment of innovative optical coating, 3D forming glass, and other new technologies.

G-TECH has developed its glass technologies for many years, possesses high-end technology R&D capabilities, and has a keen sense of trends as well as market flexibility in this field. After entry into the touch-panel strengthened cover glass market, G-TECH has been actively developing next-generation products such as the strengthening of 6th-generation touch-sensing glass, innovative optical coating technologies, and 3D forming glass products, which have already reached the mass production phase.

②Unfavorable factors and countermeasures:

a. Upward integration of touch module and panel plants, increase of new competitors.

Due to the rapid growth of the cover glass market and the market's tight production capacity supply, panel and touch module plants have tended to integrate upwards and enter the cover glass field in order to control the supply source.

Countermeasures: Partner with upstream glass substrate plants to strengthen strategic alliances.

b. The rise of low-cost touch panels in Mainland China

Mainland China's touch panel suppliers compete by cutting prices, which has given touch panel manufacturers greater bargaining margins in order to make their products more price-competitive.

Countermeasures: G-TECH will carefully evaluate customer quotations and seek more effective production methods to meet the customers' quality, materials, and manufacturing process demands.

c. Mainstream touch technologies change rapidly, and alternative materials are emerging

The ratio of applying G/G technical control architecture in tablets by WitWitsview declined from 46.3% in 2012 to 6.8% in 2014. The application of touch technology for small to medium sizes will focus on in/on cell, resulting in reduced use of strengthened glass for touch sensors.

Countermeasures: Use the capacity of the strengthening furnace for cover glass and 3D forming glass products.

2. Important uses and production processes for main products

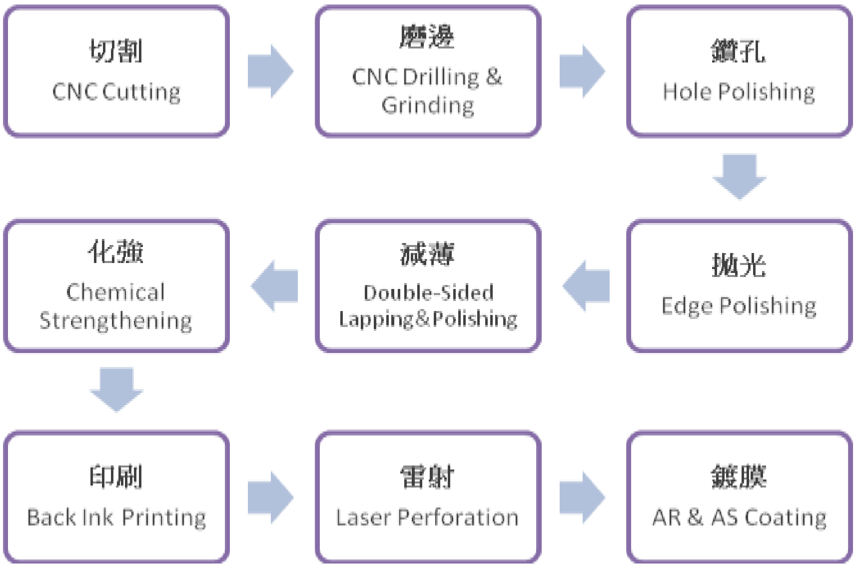
(1) Important uses for main products

The Company's products are mainly used for flat-panel displays such as smartphones, tablets, notebook computers, portable navigation systems, game consoles, multimedia players, LCD monitors and TVs, and devices equipped with touch panels.

(2) Production processes for main products:

①Reinforced, coated and 2D cover glass

The basic glass processing process is as follows:



②3D-formed glass

The 3D forming glass production process involves molding flat mother glass substrate into various required shapes first, and then proceed to the basic glass processing process shown in the figure above.

3. Main raw material supply status

Main raw material name	Main supplier	Supply situation
Glass substrate	AGC, CORNING	Stable quality and supply, long-term cooperation, and good supply status

4. List of main buyers and sellers

(1) The names of suppliers that have accounted for over 10% of the total purchases in any of the last two years as well as the purchase amount and ratio, and please describe the reasons for increases or decreases:

Unit: NT$ thousand

Item	2021				2022				As of March 31, 2023			
	Name	Amount	Percentage to annual net purchases (%)	Relation with the issuer	Name	Amount	Percentage to annual net purchases (%)	Relation with the issuer	Name	Amount	Percentage to annual net purchases (%)	Relation with the issuer
1	Supplier A	834,004	43.92	Related parties	Supplier A	1,176,241	64.61	Related parties	Supplier A	159,041	61.43	None
2	Supplier B	207,994	10.95	None	Supplier B	6,890	0.38	None				
	Others	857,099	45.13	–	Others	637,314	35.01	–	Others	99,857	38.57	–
	Net purchase amount	1,899,097	100.00	–	Net purchase amount	1,820,445	100.00	–	Net purchase amount	258,898	100.00	–

Note: 1. The Company enters into confidentiality agreements with the suppliers, so the suppliers are named by codes.

3. Explanation of reasons for increase and decrease: The amount of purchases from suppliers in 2022 was lower than that in 2021, mainly because the ordering demand declined and the operating revenues dropped on a year-on-year basis.

(2) The names of customers that have accounted for over 10% of the total sales in any of the last two years as well as the sales amount and ratio, and please describe the reasons for increases or decreases:

Unit: NT$ thousand

Item	2021				2022				As of March 31, 2023			
	Name	Amount	Percentage to annual net sales (%)	Relation with the issuer	Name	Amount	Percentage to annual net sales (%)	Relation with the issuer	Name	Amount	Percentage to annual net sales (%)	Relation with the issuer
1	Customer B	678,432	25.96	None	Customer B	684,133	28.15	None	Customer B	93,227	23.54	None
2	Customer A	391,203	14.97	None	Customer A	42,034	1.71	None	Customer A	56,212	14.19	None
	Others	1,544,198	59.08	–	Others	1,704,035	70.14	–	Others	246,634	62.27	
	Net sales	2,613,833	100.00	–	Net sales	2,430,202	100.00	–	Net sales	396,074	100.00	

Note: 1. The Company enters into confidentiality agreements with the customers, so the customers are named by codes.

2. Explanation of reason for increase and decrease: The operating revenues in 2022 declined by NT$ 0.184 billion compared with those in 2021, mainly because the demand for coating sports equipment and iMac decreased during the epidemic.

5. Analysis of production value and changes in the last two years

Unit: PCS (K); NT$ thousand

Year / Production volume & main products	2021			2022		
	Capacity (Note)	Output volume	Output value	Capacity (Note)	Output volume	Output value
Smart optoelectronics	3,402	5,437	1,646,198	1,920	1,039	323,510
Smart cars	900	196	259,111	900	633	1,031,114
Smart buildings	5,665	2,327	224,375	5,665	1,748	199,262
Total	9,967	7,960	2,129,684	8,485	3,420	1,553,886

Note: 1. Production capacity refers to the quantity that the Company can produce under normal operations using the existing production equipment after measuring the necessary shutdowns, holidays, and other factors.

Note: 2. If the production of each product is substitutable, the production capacity may be combined and an explanation must be provided.

Analysis and explanation of changes in production value:

① The output of smart optoelectronic glass declined, mainly because the demand for glass coating of iMac and sports equipment declined during the epidemic.

② The output of smart automobile glass increased, mainly because the demand for automobile glass gradually increased in 2022.

③ The output of smart architectural glass declined, mainly because the governments hammered the real estate market and low-price competitions within the industry resulted in a decrease of the order quantity.

6. Analysis of sales volume and changes in the last two years

Unit: PCS (K); NT$ thousand

Year / Sales volume / Main commodities	2021				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Smart optoelectronics	993	317,597	673	375,859	293	68,862	168	76,575
Smart cars	453	162,327	39	33,941	342	272,646	205	242,753
Smart buildings	2,466	271,408	0	0	1,214	195,660	0	0
Others	2,034	205,610	30,938	1,247,090	663	63,388	28,443	1,510,317
Total	5,945	956,942	31,651	1,656,891	2,512	600,556	28,816	1,829,645

Explanation of changes in sales volume: Compared with those in 2021, the Company’s operating revenues in 2022 declined by NT$ 0.18 billion, mainly because the demand for glass coating of sports equipment declined.

III. Employee information for the most recent two years and as of the publication date of the annual report

Unit: No. of people; year

Item/Year		2021	2022	As of April 30
Number of employees	Indirect personnel	204	227	213
	Direct personnel	311	316	288
	Total	515	543	501
Average age		39.82	39.95	40.72
Average service tenure		7.70	7.99	8.61
Academic degree Ratio (%)	PhD degree	-	-	-
	Master’s degree	3.88 %	4.05%	4.20%
	University (post-secondary)	40.19 %	60.59%	63.07%
	Vocational high school (inclusive) or lower	55.93 %	35.36%	32.73%

IV. Environmental protection expenditure information

In the most recent year and as of the publication date of annual report, the losses incurred due to environmental pollution (including compensation and environmental protection audit in violation of environmental protection laws and regulations, and the date of disciplinary action, the case number, the laws and regulations violated, the content of violations, and the content of disciplinary action must be listed). Please also disclose the estimated amount that may be incurred at present and in the future, as well as the corresponding measures. If a reasonable estimate cannot be made, please state the fact why it cannot be reasonably estimated:

Facts of violations	I	II	III
Punishment date	February 21, 2022	April 12, 2022	July 5, 2022
Punishment No.	Fu Shou Huan Kong Zi No.1110062716	Huan Fei Zi No.1110021507	Fu Huan Kong Zi No.1110039367
Violated clauses	Article 79 of the Air Pollution Control Act	Article 36-1 of the Waste Disposal Act	Article 24-2 of the Air Pollution Control Act
Violations	The particulate pollutants emitted by 683-Q2 self-used trucks (opaque dark smoke) are bigger than 1.1m, which has gone beyond the legal standard (1.0m).	The storage area of business wastes was messy. The wastes were not classified and separately stored according to main compositions and natures of the business wastes. The storage locations, vessels and facilities were not kept tidy and intact. In addition, it was discovered that the names of business wastes were not clearly marked on conspicuous parts.	After examination, it was found that the activated carbon of air pollution control facilities and adsorption equipment (A203) was not replaced every 80 days according to the rules on operation permits for stationary pollution sources, and it was replaced with a quantity of 1.84 metric tons. The operations were not performed with the issued permit.
Punishments	Fined NT$ 5,000 only and given an one-hour environmental lecture	Fined NT$ 18,000 only and given an one-hour environmental lecture	Fined NT$ 100,000 only and given an two-hour environmental lecture
Countermeasures	Strengthened vehicle control and performed regular maintenance, to avoid recurrence of the same circumstances	Enhanced management of waste storage areas and regularly inspected if the labels fell off and had to be updated, to avoid recurrence of the same circumstances	Subsequently, replacement will have to be performed every 80 days according to the license rules

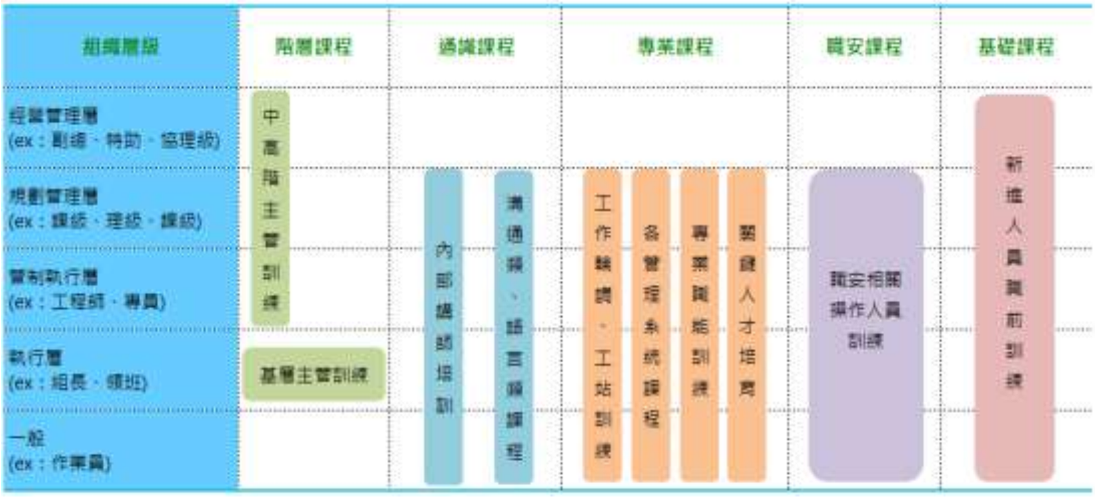
V. Labor-capital relations

(I) Employee benefits, continuing education, training and retirement systems of the Company and their implementation; labor agreements and measures for protecting employees' rights and interests

1. Employee welfare measures(Including Retirement Pension System)

<table>
<tr><td rowspan="7">Company Benefits</td><td>Insurance</td><td>•Labor Insurance, National Health Insurance, Group Insurance: Coverage for employees, including accident insurance and other items.</td></tr>
<tr><td>Leaves</td><td>•Managed according to the Labor Standards Act.</td></tr>
<tr><td>Healthy Check</td><td>•Conducted once a year, surpassing legal requirements</td></tr>
<tr><td>Birthday Allowance</td><td>•Provide a birthday cash allowance to employees during their birth month.</td></tr>
<tr><td>Emergency Assistance</td><td>•Assistance provided to employees and their dependents in times of urgent need.
•Types of assistance: 1. Medical assistance 2. Living assistance 3. Other cases determined to be in urgent need of aid.
•Payment standards: Case-by-case assessment, with assistance amounts ranging from NT$3,000 to NT$25,000 for the same case.</td></tr>
<tr><td>Competition Rewards</td><td>•Employees and their children who participate in various individual competitions organized by the public sector and win the top three prizes.</td></tr>
<tr><td>Retirement Pension System</td><td>•Retirement pension is allocated monthly, based on 6% of the total labor wages, in accordance with the Labor Standards Act.</td></tr>
<tr><td rowspan="5">Employee Benefits (Employees who have their welfare funds deducted monthly and have completed six months of service.)</td><td>Employee Welfare</td><td>•Marriage allowance: Allowance for employees themselves upon marriage.
•Maternity allowance: Allowance for employees and their spouses for childbirth.
•Funeral allowance: Allowance for employees' parents, spouses, children, grandparents, great-grandparents, siblings, and their spouses' parents.</td></tr>
<tr><td>Educational Scholarship</td><td>•Scholarships provided to employees and their children who achieve a semester score of 80 (or Grade A) or above.</td></tr>
<tr><td>Holiday Allowance</td><td>•Vouchers provided for Chinese New Year, Labor Day, Dragon Boat Festival, and Mid-Autumn Festival.</td></tr>
<tr><td>Cultural and Recreational Activities</td><td>•Determined based on the annual budget.</td></tr>
<tr><td>Leisure Travel</td><td>•Determined based on the annual budget.</td></tr>
<tr><td>Other Benefits</td><td>Facilities</td><td>•Health center, lactation room, employee cafeteria, employee lounge, employee parking lot.</td></tr>
</table>

2. Continuing education and training:
Employee education and training are conducted according to their positions. The courses are mainly classified into five major categories: Basic, occupational safety, professional, general and hierarchical.



2022 education and training implementation overview is shown in the table below:

2022 education and training _ total number of employees trained

Factories	Basic training	Profession type	General education type	Rank type	Occupational Safety and Health Act	Total
G-TECH	166	860	37	0	37	1,100
Southern Taiwan Science Park	3	457	0	3	14	477
Total	169	1,317	37	3	51	1,577

3. Labor-capital agreement status and various employee rights protection measures:
The Company has formulated various employee-related management measures pursuant to the relevant provisions of the Labor Standards Act in order to protect the rights and interests of employees. The Company also values employee opinions and has provided multiple opinion response channels. Labor-capital meetings are convened on an irregular basis and bilateral communication is adopted in order to promote healthy communication between labor and capital, jointly maintain good labor-capital relations, and enable both parties to seek the best solutions.

(II) Losses suffered due to labor disputes in the most recent year and up to the publication date of the annual report, as well as the estimated amounts and corresponding measures that may occur at present and in the future:
The Company has complied with laws and regulations, and there were no labor disputes or violations this year.

VI. Information Disclosure of Cyber Security Management.

(I) Cyber security management
1. Management framework for cyber security risks: The Company’s cyber security group is affiliated to the Administration Office.
2. Cyber security policies: Ensure normal operation of cyber security services,

confidentiality, integrity, availability and legitimacy of information assets, to avoid internal and external deliberate or accidental threats.

3. Specific measures for implementing information security policies: Carry out internal resource management, protect external accesses, management virus protection, establish a backup mechanism and join in the TWCERT Information Security Alliance.
4. Specific countermeasures and preventive actions for emergency response to information security incidents:

Emergency response measures		Preventive actions for emergency response
Internal safety threatening incidents	When malicious damages, careless operations and other information security incidents are found (or suspected), rapidly investigate impacts and damages of the incidents. Enable advance backups or programs or initiate related measures for backup plans and rapidly resume normal operations.	1. The information organization shall regularly test cyber security and scan vulnerabilities. Track and improve vulnerabilities. 2. The information organization shall regularly create backups for important materials, systems and application programs.
Virus infection	In case of virus intrusion, immediately interrupt the infected equipment and violate the virus to avoid spread of the epidemic. Besides, obtain requisite virus removal programs as soon as possible. Remove viruses, repair and restore according to corresponding repair procedures.	1. The information organization shall install anti-virus software before all internal computers of the Company is started for initial use. 2. The information organization shall promptly distribute updated virus codes to all computers. 3. The information organization shall irregularly promote cases on virus intrusion, including website browsing and email attachment.
Hacker attack (or illegal intrusion)	In the event of intrusion, immediately disconnect physical lines of the Company's network, reject intruders' access, mend security breach and implement specific remedial actions for improvement.	1. The information organization shall install firewalls for Internet; guard against hacker attacks and malicious attacks. 2. Perform authentication above two levels, including interactive authentication, for internal network.
Natural disasters or major emergencies	If the information system is damaged because of natural disasters (typhoon, flood, earthquake) or major accidents (fire, explosion, major building disaster), the system shall be reconstructed and restored with remote backup after elimination of the disaster or the major event.	1. The information organization shall regularly create backups for important materials, systems and application programs. 2. The information organization shall organize regular drills for disaster recovery, ensuring that restoration programs and drill results are correct and effective.
Middle disruption events of cyber security network systems	Immediately find out barriers, impact interval and scope; exercise traffic control and perform rush repair.	The information organization shall create backup lines for all important internal and external network backbones.

(II) List losses arising from, potential impacts of and countermeasures for major cyber security incidents in the most recent year and as of the publication date: None.

VII. Important contracts

Nature of contract	Contract party	Contract starting date	Main content	Restriction clause
Long-term loan	Bank of Taiwan	2013-10-15~2023-10-15	Land and plant guarantee loan	None
Long-term loan	Bank of Taiwan	2013-08-16~2028-08-16	Land and plant guarantee loan	None
Long-term loan	Bank of Taiwan	2014-09-29~2024-01-15	Land and plant guarantee loan	None
Long-term loan	Bank of Taiwan	2014-12-22~2024-01-15	Land and plant guarantee loan	None
Long-term loan	Taiwan Cooperative Bank	2019-09-02~2024-09-01	Land and plant guarantee loan	None
Long-term loan	Sunny Commercial Bank	2020-07-14~2027-07-14	Land and plant guarantee loan	None
Long-term loan	Sunny Commercial Bank	2021-09-29~2028-09-29	Land and plant guarantee loan	None
Long-term loan	Shanghai Commercial and Savings Bank	2021-10-08~2026-10-08	Taiwan businessman's loans for investments upon return to Taiwan	None
Long-term loan	Hua Nan Commercial Bank	2022-01-17~2027-01-17	Taiwan businessman's loans for investments upon return to Taiwan	None
Long-term loan	Shanghai Commercial and Savings Bank	2022-01-06~2026-10-08	Taiwan businessman's loans for investments upon return to Taiwan	None
Long-term loan	Bank of Panshin	2022-09-02~2025-09-02	Interim revolving loan	None
Long-term loan	Shanghai Commercial and Savings Bank	2022-10-12~2027-10-12	Mechanical equipment guarantee loan	None
Lease contract	Kinestral Technologies Inc.	2017.05.01~2032.01.31	Factory lease	The leased subject matter is for use by Party B's production lines. Without Party A's consent, Party B shall not lend, transfer or have the leased subject matter used by others in whole or in part by other equivalent methods, but Party B's affiliates are not taken into account.
Lease contract	Kinestral Technologies Inc.	2022-10-01~2023-09-30	Venue lease	The leased subject matter is to be used by Party B as bonded warehouse. Without Party A's consent, Party B shall not lend, transfer or have the leased subject matter used by others in whole or in part by other equivalent methods, but Party B's affiliates are not taken into account.

Nature of contract	Contract party	Contract starting date	Main content	Restriction clause
Lease contract	Innolux Corporation	2022.01.01~2023.12.31	Factory lease	The leased subject matter must not be lent, transferred or used by others in other ways in whole or in part.

Chapter 6. Financial Overview

I.Balance and comprehensive income statement for the last five years

(I) Condensed Balance & Comprehensive Income Statement Information

1. Condensed balance sheet (consolidated financial statements)

Unit: NT$ thousand

Item \ Year		Financial Analysis Information for the Last 5 Years (Note 1)					Financial information for the year as of March 31 (Note 2)
		2018	2019	2020	2021	2022	
Current assets		2,499,737	1,502,668	1,448,489	1,610,975	1,467,816	1,566,531
Property, plant and equipment		2,580,167	2,275,669	1,371,860	1,386,425	1,356,744	1,351,091
Intangible Assets		1,333	1,113	6,946	5,163	2,028	1,671
Other assets		14,434	105,166	1,219,996	1,491,259	1,536,458	1,293,401
Total assets		5,095,671	3,884,616	4,047,291	4,493,822	4,363,046	4,212,694
Current liabilities	Before distribution	2,935,091	1,508,008	1,274,357	1,384,994	1,091,175	1,506,620
	After distribution	NA	NA	NA	NA	NA	NA
Non-current liabilities		516,646	859,127	1,235,641	1,676,069	1,793,412	1,249,197
Total liabilities	Before distribution	3,451,737	2,367,135	2,509,998	3,061,063	2,884,587	2,755,817
	After distribution	NA	NA	NA	NA	NA	NA
Equity attributable to owners of the parent company		1,643,934	1,517,481	1,537,293	1,432,759	1,478,459	1,456,877
Share capital		2,063,936	2,063,936	2,063,936	2,063,936	2,241,856	2,241,856
Capital surplus		269,239	40,528	16,711	18,948	196,778	197,144
Retained earnings	Before distribution	-919,582	-751,240	-1,019,793	-1,124,630	-1,440,223	-1,462,253
	After distribution	NA	NA	NA	NA	NA	NA
Other equity		230,341	164,257	476,439	474,505	480,048	480,130
Treasury shares		-	-	-	-	-	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	1,643,934	1,517,481	1,537,293	1,432,759	1,478,459	1,456,877
	After distribution	NA	NA	NA	NA	NA	NA

Note 1: The Company’s financial reports for all past years have been audited and verified by CPAs.
Note 2: The Company’s consolidated financial statements for Q1, 2023 have been checked and reviewed by CPAs.

2. Condensed Statement of Comprehensive Income (Consolidated Financial Report)
Unit: NT$ thousand

Year / Item	Financial Analysis Information for the Last 5 Years (Note 1)					Financial data for the year as of March 31 (Note 2)
	2018	2019	2020	2021	2022	
Operating income	4,170,703	2,866,074	2,448,536	2,613,833	2,430,202	396,074
Gross profit	84,100	-17,159	-9,098	37,067	-122,110	4,953
Operating profit or loss	-183,715	-213,916	-436,626	-198,417	-397,101	-60,308
Non-operating income and expense	64,325	154,100	146,107	77,609	81,508	38,278
Profit before tax	-119,390	-59,816	-290,519	-120,808	-315,593	-22,030
Net profits of businesses maintaining operations on a going concern basis	-124,499	-60,369	-293,123	-120,795	-315,593	-22,030
Loss from discontinued units	NA	NA	NA	NA	NA	NA
Net profit (loss) for the current period	-124,499	-60,369	-293,123	-120,795	-315,593	-22,030
Other comprehensive income (loss) of current period (Net profit after tax)	-4,283	-66,084	312,182	-1,934	5,543	82
Total comprehensive income of current period	-128,782	-126,453	19,059	-122,729	-310,050	-21,948
Net profit attributable to the owners of the parent company	-124,499	-60,369	-293,123	-120,795	-315,593	-22,030
Net profit attributable to non-controlling interests	-	-	-	-		-
Net total comprehensive profit and loss attributable to the owners of the parent company	128,782	-126,453	19,059	-122,729	-310,050	-21,948
Total comprehensive income attributable to non-controlling interests	-	-	-	-		-
Earnings per share	-0.64	-0.29	-1.42	-0.59	-1.45	-0.1

Note 1: The Company’s financial reports for all past years have been audited and verified by CPAs.
Note 2: The Company’s consolidated financial statements for Q1, 2023 have been checked and reviewed by CPAs.

3. Condensed balance sheet (standalone financial statements)
Unit: NT$ thousand

Item \ Year		Financial Analysis Information for the Last 5 Years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		1,730,261	1,312,172	1,303,200	1,495,966	1,290,649
Property, plant and equipment		2,580,167	2,250,744	1,345,882	1,225,552	1,344,996
Intangible Assets		1,333	1,113	6,946	5,163	2,028
Other assets		11,946	1,036,587	1,323,997	1,716,810	1,610,243
Total assets		4,555,830	2,527,442	3,980,025	4,443,491	4,247,916
Current liabilities	Before distribution	2,402,204	1,464,099	1,207,091	1,334,663	976,045
	After distribution	NA	NA	NA	NA	NA
Non-current liabilities		506,692	858,034	1,235,641	1,676,069	1,793,412
Total liabilities	Before distribution	2,911,896	2,322,133	2,442,732	3,010,732	2,769,457
	After distribution	NA	NA	NA	NA	NA
Equity attributable to owners of the parent company		1,643,934	1,517,481	1,537,293	1,432,759	1,478,459
Share capital		2,063,936	2,063,936	2,063,936	2,063,936	2,241,856
Capital surplus		269,239	40,528	16,711	18,948	196,778
Retained earnings	Before distribution	-919,582	-751,240	-1,019,793	-1,124,630	-1,440,223
	After distribution	NA	NA	NA	NA	NA
Other equity		230,341	164,257	476,439	474,505	480,048
Treasury shares		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	1,643,934	1,517,481	1,537,293	1,432,759	1,478,459
	After distribution	NA	NA	NA	NA	NA

Note 1: The Company’s financial reports for all past years have been audited and verified by CPAs.

4. Condensed statement of comprehensive income (standalone financial statements)
Unit: NT$ thousand

Item \ Year	Financial Analysis Information for the Last 5 Years (Note 1)				
	2018	2019	2020	2021	2022
Operating income	3,206,843	2,697,547	2,322,138	2,431,645	2,092,473
Gross profit	42,246	-24,652	-12,681	31,394	-128,680
Operating profit or loss	-175,166	-209,115	-366,200	-190,277	-388,819
Non-operating income and expense	55,776	149,299	75,681	69,469	73,226
Profit before tax	-119,390	59,816	-290,519	-120,808	-315,593
Net profits of businesses maintaining operations on a going concern basis	-124,499	-60,369	-293,123	-120,795	-315,593
Loss from discontinued units	-	-	-	-	-
Net profit (loss) for the current period	-124,499	-60,369	-293,123	-120,795	-315,593
Other comprehensive income (loss) of current period (Net profit after tax)	-4,283	-66,084	312,182	-1,934	5,543
Total comprehensive income of current period	-128,782	-126,453	19,059	-122,729	-310,050
Net profit attributable to the owners of the parent company	-124,499	-60,369	-293,123	-120,795	-315,593
Net profit attributable to non-controlling interests	-	-	-	-	-
Net total comprehensive profit and loss attributable to the owners of the parent company	-128,782	-126,453	19,059	-122,729	-310,050
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	-0.64	-0.29	-1.42	-0.59	-1.45

Note 1: The Company’s financial reports for all past years have been audited and verified by CPAs.

(II) Names of the CPAs in the most recent five years and their review opinions

Year	Name of CPA	Name of CPA firm	Verification Opinion
2018	Chen, Tsung-Che, Chang, Shu-Ying	KPMG	Unqualified opinion
2019	Chen, Tsung-Che, Chang, Shu-Ying	KPMG	Unqualified opinion
2020	Chen, Tsung-Che, Chang, Shu-Ying	KPMG	Unqualified opinion
2021	Chen, Tsung-Che, Chih, Shih-Chin	KPMG	Unqualified opinion
2022	Kwo-Yang Tzeng, Shih-Chin Chih	KPMG	Unqualified opinion

II. Financial analysis for the last five years

(I) Consolidated financial statements

Analysis item (Note 2) \ Year (Note 1)		Financial analysis for the last five years					As of March 31, 2023
		2018	2019	2020	2021	2022	
Financial structure %	Debt-to-asset ratio	67.74	60.94	62.03	68.12	66.11	65.41
	The ratio of long-term funds to property, plant, and equipment	83.74	104.44	202.13	224.23	241.15	200.28
Solvency %	Current ratio	85.17	99.65	113.66	116.32	134.51	103.97
	Quick ratio	76.62	87.36	101.29	100.83	117.04	92.12
	Interest coverage ratio	-1.55	-0.43	-7.52	-2.11	-6.00	-0.75
Management capacity	Accounts receivable turnover rate (times)	3.59	2.73	3.34	3.99	4.32	3.82
	Average cash collection days	101.65	133.76	109.12	91.47	84.49	95.54
	Inventory turnover rate (times)	16.85	13.59	14.80	14.00	12.80	8.63
	Payables turnover rate (times)	5.43	5.47	9.31	8.13	7.67	5.21
	Average sales days	21.67	26.86	24.67	26.07	28.51	42.29
	Property, plant, and equipment turnover rate (times)	1.54	1.18	1.34	1.90	1.77	1.17
	Total assets turnover rate (times)	0.80	0.64	0.62	0.61	0.54	0.36
Profitability	Return on assets (%)	-1.66	-0.60	-6.70	-2.10	-6.31	-0.27
	Return on equity (%)	-7.82	-3.82	-19.19	-8.13	-21.68	-6.00
	Percentage of net profit before tax to the paid-in capital (%)	-5.78	-2.90	-14.08	-5.85	-14.07	-0.98
	Net profit margin (%)	-2.99	-2.11	-11.97	-4.62	-12.98	-5.56
	Earnings per share (NT$)	-0.64	-0.29	-1.42	-0.59	-1.45	-0.10
Cash flows	Cash flow ratio (%)	-1.96	18.66	16.55	11.23	8.04	3.47
	Cash flow adequacy ratio (%)	0.96	-25.23	52.53	63.12	296.00	-
	Cash reinvestment ratio (%)	-1.00	4.97	4.55	3.09	2.34	1.82
Leverage	Operating leverage	-18.78	-12.17	-4.78	-9.74	-4.92	-4.85
	Financial leverage	0.80	0.84	0.93	0.84	0.89	0.83

Please explain the reasons for the changes in various financial ratios for the last 2 years. (Increase or decrease below 20% needn't be analyzed):
Interest coverage ratio: The losses and interest expenses in 2022 increased on a year-on-year basis, resulting in a decline of the interest coverage ratio.
Return on assets and return on equity: The losses and interest expenses in 2022 increased on a year-on-year basis caused a decline in the return.
Net profit margin, percentage of net profit before tax to the paid-in capital and earning per share: The operating revenues in 2022 declined by 7.03% on a year-on-year basis so that the operating losses in 2022 were higher than those in 2021. As a result, the net profit margin and earning per share declined.
Cash flow ratio: The current liabilities in 2022 declined on a year-on-year basis, thus causing a drop in the cash flow ratio.
Cash flow adequacy ratio: In business activities of the past 5 years, cash flew into the Company, and capital expenditures increased from 2021 to 2022. As a consequence, the cash flow adequacy ratio increased.
Cash reinvestment ratio: The non-current assets constantly increased in 2022, as a result of which, the cash reinvestment ratio dropped.
Operating leverage: The operating revenues in 2022 declined by 7.03% and the losses increased on a year-on-year basis, as a result of which, the operating leverage was boosted.

Note 1: The Company's financial reports for all past years have been audited and verified by CPAs.
Note 2: Financial analysis calculation formulas:

1. Financial Structure
 (1) Liabilities to assets ratio = total liabilities / total assets.
 (2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities)/Net property, plant and equipment.
2. Solvency
 (1) Current ratio = current assets / current liabilities.
 (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
 (3) Interest protection multiples = net profit before income tax and interest expense / interest expense in the current period.
3. Management capacity
 (1) Turnover rate for accounts receivable (including accounts receivable and bills receivable due to businesses) = net sales / average balance of accounts receivable (including accounts receivable and bills receivable due to businesses) for each period.
 (2) Average number of days for cash collection = 365 / turnover rate for accounts receivable.
 (3) Inventory turnover rate = cost of goods sold / average inventory value.
 (4) Turnover rate for accounts payable (including accounts payable and bills payable due to business) = net sales / average balance of accounts payable (including accounts payable and bills payable due to business) for each period.
 (5) Average number of sales days = 365 / inventory turnover rate.
 (6) Property, plant and equipment turnover rate = net sales / average net amount for property, plant, and equipment.
 (7) Turnover rate for total assets = net sales / total average assets.
4. Profitability
 (1) Return on assets = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.
 (2) Return on equity = after-tax profit and loss / average total equity.
 (3) Net profit rate = after-tax profit and loss / net sales.
 (4) Earnings per share = (profit and loss attributable to owners of the parent company - special stock dividends) / weighted average number of issued shares. (Note 4)
5. Cash flows
 (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
 (2) Cash flow adequacy ratio = (net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividends) in the last five years.
 (3) Cash re-investment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)

6. Leverage:

(1) Operating leverage = (net operating revenues - variable operating costs and expenses) / operating income (Note 6)

(2) Financial leverage = operating income / (operating income - interest expense).

Note 4: Please pay special attention to the following matters when assessing the aforementioned calculation formula of earnings per share.

1. The basis should be the weighted average number of ordinary shares instead of the number of outstanding shares at the end of the year.
2. In case of cash capital increase or treasury stock trading, consider the circulation period and calculate the weighted average number of shares.
3. In case of surplus transfer to capital increase or capital reserve transfer to capital increase, retrospective adjustments should be made according to the ratio of capital increase when calculating earnings per share for the previous year and the previous half year, and the capital increase issuance period need not be considered.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (whether issued or not) shall be deducted from the after-tax net profit, or the net loss after-tax should be increased. If the special shares are non-cumulative and if there is after-tax net profit, the dividend of the special shares shall be deducted from the after-tax net profit. No adjustment is necessary if there is a loss.

Note 5: Please pay special attention to the following matters when measuring the cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow from capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory is decreased at the end of the year, it shall be calculated as zero.
4. Cash dividends include cash dividends on ordinary shares and special shares.
5. Gross property, plant, and equipment refers to the total amount of property, plant, and equipment prior to the deduction of accumulated depreciation.

Note 6: The issuer shall classify the various operating costs and expenses as fixed or variable according to their nature. If estimates or subjective judgments are involved, pay attention to reasonableness and maintain consistency.

Note 7: If the Company’s stock has no denomination or the denomination per share is not NT$10, the aforementioned paid-in capital ratio calculation shall be calculated based on the equity ratio attributable to the balance sheet of the parent company owner.

(II) Standalone financial statements

Analysis item (Note 2) \ Year		Financial analysis for the last five years (Note 1)				
		2018	2019	2020	2021	2022
Financial structure %	Debt-to-asset ratio	63.92	60.48	61.37	67.76	65.19
	The ratio of long-term funds to property, plant, and equipment	83.47	105.54	206.03	253.67	243.26
Solvency %	Current ratio	72.03	89.62	107.96	112.09	132.23
	Quick ratio	61.59	76.97	94.90	96.01	112.72
	Interest coverage ratio	-1.63	-0.43	-7.52	-2.11	-6.00
Management capacity	Accounts receivable turnover rate (times)	3.84	3.52	3.54	4.06	4.37
	Average cash collection days	95.12	103.81	103.06	89.88	83.52
	Inventory turnover rate (times)	13.11	12.83	14.06	13.04	12.91
	Payables turnover rate (times)	7.39	9.33	10.67	9.02	10.13
	Average sales days	27.85	28.45	25.97	28.00	28.27
	Property, plant, and equipment turnover rate (times)	1.19	1.12	1.29	1.89	1.55
	Total assets turnover rate (times)	0.66	0.64	0.59	0.58	0.50
Profitability	Return on assets (%)	-1.82	-0.64	-6.80	-2.13	-6.79
	Return on equity (%)	-7.82	-3.82	-19.19	-8.13	-20.92
	Percentage of net profit before tax to the paid-in capital (%)	-5.78	-2.90	-14.08	-5.85	-14.07
	Net profit margin (%)	-3.88	-2.24	-12.62	-4.97	-15.08
	Earnings per share (NT$)	-0.64	-0.29	-1.42	-0.59	-1.45
Cash flows	Cash flow ratio (%)	0.84	20.48	19.78	11.24	7.45
	Cash flow adequacy ratio (%)	-38.81	-48.98	198.09	270.11	383.26
	Cash reinvestment ratio (%)	0.36	5.10	4.99	2.84	1.93
Leverage	Operating leverage	-14.19	-11.64	-5.35	-9.20	-4.15
	Financial leverage	0.79	0.83	0.91	0.83	0.89

Please explain the reasons for the changes in various financial ratios for the last 2 years. (Increase or decrease below 20% needn’t be analyzed):

Interest coverage ratio: The losses and interest expenses in 2022 increased on a year-on-year basis, resulting in a decline of the interest coverage ratio.

Return on assets and return on equity: The losses and interest expenses in 2022 increased on a year-on-year basis caused a

decline in the return. Net profit margin, percentage of net profit before tax to the paid-in capital and earning per share: The operating revenues in 2022 declined by 13.95% on a year-on-year basis so that the operating losses in 2022 were higher than those in 2021. As a result, the net profit margin and earning per share declined. Cash flow ratio: The current liabilities in 2022 decline on a year-on-year basis, thus causing a drop in the cash flow ratio. Cash flow adequacy ratio: In business activities of the past 5 years, cash flew into the Company, and capital expenditures increased from 2021 to 2022. As a consequence, the cash flow adequacy ratio increased. Cash reinvestment ratio: The non-current assets constantly increased in 2022, as a result of which, the cash reinvestment ratio dropped. Operating leverage: The operating revenues in 2022 declined by 13.95% and the losses increased on a year-on-year basis, as a result of which, the operating leverage was boosted.

Note 1: The Company's financial reports for all past years have been audited and verified by CPAs.

Note 2: Please refer to the explanations in Note 2 of the table above for details on financial analysis calculation formulas.

III. Supervisor review report for the latest financial report

G-TECH Optoelectronics Corporation

Audit Committee's Review Report

The Board of Directors prepared and submitted the 2022 business reports, financial statements and loss recovery statements of the Company. After reviewing the financial statements as entrusted, the CPAs of KPMG issued an audit report with unqualified opinions. The aforementioned financial statements, business reports, and loss offsetting proposal table have been audited by the Audit Committee, and no discrepancy was found. A report has been prepared and submitted for examination pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:
2023 general shareholders' meeting of G-TECH Optoelectronics Corporation

G-TECH Optoelectronics Corporation
Chairperson of the Audit Committee
Huang, Kuo-Shih

March 10, 2023

IV. Latest financial report and CPA audit report: Please refer to pages 121~189.

V. Most recent individual financial report verified by CPAs: Please refer to pages 190~266.

VI. In case of financial difficulties for the Company and its affiliated companies in the most recent year and as of the date of publication for the annual report, please indicate its impact on the Company's financial status: None.

Chapter 7. Financial Status and Operation Results Review Analysis & Risk Matters

I. Financial Conditions

(I) Consolidated financial statements

Unit: NT$ thousand

Item \ Year	2022	2021	Difference	
	Amount	Amount	Amount	%
Current assets	1,467,816	1,610,975	-143,159	-8.89%
Property, plant and equipment	1,356,744	1,228,620	128,124	10.43%
Intangible Assets	2,028	5,163	-3,135	-60.72%
Other assets	1,536,458	1,649,064	-112,606	-6.83%
Total assets	4,363,046	4,493,822	-130,776	-2.91%
Current liabilities	1,091,175	1,384,994	-293,819	-21.21%
Long-term liabilities	1,793,412	1,676,069	117,343	7.00%
Total liabilities	2,884,587	3,061,063	-176,476	-5.77%
Share capital	2,241,856	2,063,936	177,920	8.62%
Capital surplus	196,778	18,948	177,830	938.52%
Retained earnings	-1,440,223	-1,124,630	-315,593	28.06%
Other equity	480,048	474,505	5,543	1.17%
Total shareholders' equity	1,478,459	1,432,759	45,700	3.19%

1. Description of material changes: (Changes of more than 20% and an amount up to NT$ 10 million)

(1) Decrease in current liabilities: Mainly attributable to the decrease of 2022 short-term bank loans and long-term loans due within one year by NT$ 200 million.

(2) Increase in capital surplus: Mainly attributable to increase of share premium by NT$ 173 million for cash capital increase in 2022.

(3) Decrease of retained earnings: Mainly attributable to increase of operating losses by NT$ 315 million in 2022.

2. The impact of significant changes: None.

(II) Unconsolidated Financial Statements

Unit: NT$ thousand

Item \ Year	2022	2021	Difference	
	Amount	Amount	Amount	%
Current assets	1,290,649	1,495,966	-205,317	-13.72%
Property, plant and equipment	1,344,996	1,225,552	119,444	9.75%
Intangible Assets	2,028	5,163	-3,135	-60.72%
Other assets	1,610,243	1,716,810	-106,567	-6.21%
Total assets	4,247,916	4,443,491	-195,575	-4.40%
Current liabilities	976,045	1,334,663	-358,618	-26.87%
Long-term liabilities	1,793,412	1,676,069	117,343	7.00%
Total liabilities	2,769,457	3,010,732	-241,275	-8.01%
Share capital	2,241,856	2,063,936	177,920	8.62%
Capital surplus	196,778	18,948	177,830	938.52%
Retained earnings	-1,440,223	-1,124,630	-315,593	28.06%
Other equity	480,048	474,505	5,543	1.17%
Total shareholders' equity	1,478,459	1,432,759	45,700	3.19%

1. Description of material changes: (Changes of more than 20% and with an amount up to NT$ 10 million)

(1) Decrease in current liabilities: Mainly attributable to the decrease of 2022 short-term bank loans and long-term loans due within one year by NT$ 200 million.

(2) Increase in capital surplus: Mainly attributable to increase of share premium by NT$ 173 million for cash capital increase in 2022.

(3) Decrease of retained earnings: Mainly attributable to increase of operating losses by NT$ 315 million in 2022.

2. The impact of significant changes: None.

II. Financial performance

(I) Consolidated financial statements

Unit: NT$ thousand

Item \ Year	2022	2021	Increase (decrease)	
	Amount	Amount	Amount	%
Total operating income	2,475,861	2,721,436	-245,575	-9.02%
Minus: Sales returns and discounts	45,659	107,603	-61,944	-57.57%
Net operating income	2,430,202	2,613,833	-183,631	-7.03%
Operating costs	2,552,312	2,576,766	-24,454	-0.95%
Gross profit	-122,110	37,067	-159,177	429.43%
Operating expenses	274,991	235,484	39,507	16.78%
Operating profit	-397,101	-198,417	-198,684	100.13%
Non-operating income and benefits	218,356	145,138	73,218	50.45%
Non-operating expenses and losses	-136,848	-67,529	-69,319	102.65%
Net profit before tax for continuing business departments	-315,593	-120,808	-194,785	161.24%
Minus: Income tax expense	-	-13	13	0.00%
Net profit after tax for continuing business departments	-315,593	-120,795	-194,798	161.26%

Description of material changes: (Changes of more than 20% and with an amount up to NT$ 10 million)

(1) Increase of sales returns and discounts: Mainly attributable to year-on-year decrease of sales returns and discounts resulting from decreased orders of iMac products in 2022.

(2) Decrease of gross operating profits and benefits: Attributable to cost increase arising from global inflation in 2022.

(3) Increase of non-operating income: Mainly attributable to USD appreciation and increase of foreign exchange gains in 2022.

(4) Increase of non-operating expenses: Mainly attributable to the losses from additional disposal of property, plant and equipment in 2022.

(II) Unconsolidated Financial Statements

Unit: NT$ thousand

Item \ Year	2022	2021	Increase (decrease)	
	Amount	Amount	Amount	%
Total operating income	2,137,462	2,539,166	-401,704	-15.82%
Minus: Sales returns and discounts	44,989	107,521	-62,532	-58.16%
Net operating income	2,092,473	2,431,645	-339,172	-13.95%
Operating costs	2,221,153	2,400,251	-179,098	-7.46%
Gross profit	-128,680	31,394	-160,074	509.89%
Operating expenses	260,139	221,671	38,468	17.35%
Operating profit	-388,819	-190,277	-198,542	104.34%
Non-operating income and benefits	218,249	136,076	82,173	60.39%
Non-operating expenses and losses	-145,023	-66,607	-78,416	117.73%
Net profit before tax for continuing business departments	-315,593	-120,808	-194,785	161.24%
Minus: Income tax expense	0	-13	13	0.00%
Net profit after tax for continuing business departments	-315,593	-120,795	-194,798	161.26%

Description of material changes: (Changes of more than 20% and with an amount up to NT$ 10 million)

(1) Increase of sales returns and discounts: Mainly attributable to year-on-year decrease of sales returns and discounts resulting from decreased orders of iMac products in 2022.

(2) Decrease of gross operating profits and benefits: Attributable to cost increase arising from global inflation in 2022.

(3) Increase of non-operating income: Mainly attributable to USD appreciation and increase of foreign exchange gains in 2022.

(4) Increase of non-operating expenses: Mainly attributable to the losses from additional disposal of property, plant and equipment in 2022

(III) Expected sales volume and supporting basis, possible impact on the Company’s future financial businesses, and response plans

The Company’s products have continued to expand into the automotive and smart building markets according to expected sales plans in order to significantly reduce dependence on the consumer electronics industry and gradually detach from the plight of the mature development of the electronics industry. From 2022 to the present, the operating venues have not been earned as expected. Apart from the impacts of COVID-19, the supply chain bottlenecks, namely global shortage of containers and materials, have caused a significant increase in the costs. As a consequence, the mass production and shipment plans for automobile glass have been delayed. In addition, the costs of raw building materials have soared. Moreover, the rivals implemented strategies for beating down prices. Furthermore, the governments promoted policies for hammering the real estate market and warnings for the epidemic led to a shortage of workers, thus resulting in project delay. Undoubtedly, all these aggravated the situation, and as a consequence, the operations were not as expected.

It is forecast based on the customer orders that after improvement of production capacity, the sales of smart automobile products are expected to achieve significant growth in 2023. Stable supply will be maintained for smart optoelectronic products in 2023. Owing to low-price horizontal competitions in smart buildings, it is forecast that the operating income would increase for relatively large-scale construction plans in the third quarter.

Other products are mainly for trade. After alleviating shortage of ICs, it is estimated that in the following year, the orders for consumer electronics would bounce back. The Company has actively responded to market changes and strengthened cost/expense control, to present net cash inflow in its operating activities.

III. Cash flow

(I) Analysis and explanation of cash flow changes in the most recent years

Unit: NT$ thousand

Cash balance at beginning of period	Expected net cash flow from operating activities for the whole year	Annual cash inflow (outflow) from investment and financing activities	Cash surplus (deficit) amount	Remediation measures against expected cash flow deficit	
				Investment plans	Financial management plans
621,683	89,279	(28,687)	682,275	-	-

Analysis of cash flow change for the year:

Operating activities:

1. In 2022, product mixes were adjusted and costs were strictly controlled, so the cash inflow from operating activities amounted to NT$ 89,279 thousand.
2. Investing activities: In 2022, fixed assets were acquired and the amount pledged/guaranteed was increased, so the cash outflow from investing activities amounted to NT$ 264,978 thousand.
3. Financing activities: In 2022, financing conditions were adjusted and corporate bonds were issued, so the cash inflow from financing activities amounted to NT$ 236,291 thousand.

(II) Improvement plan for insufficient liquidity: Strengthening inventory control in response to market demands.

(III) Cash liquidity analysis for the coming year

Unit: NT$ thousand

Cash balance at beginning of period	Expected net cash flow from operating activities for the whole year	Annual cash inflow (outflow) from investment and financing activities	Cash surplus (deficit) amount	Remediation measures against expected cash flow deficit	
				Investment plans	Financial management plans
682,275	(182,697)	11,504	511,082	-	-

Analysis of cash flow change for the year:

1. Operating activities: Mainly because of the accounts receivable received, accounts payable and salary payment, etc. in 2023, it is estimated that the net cash outflow from operating activities amounts to NT$ 182,697 thousand that year.
2. Investing activities: Mainly because of the increased capital expenditures in 2023, that year's net cash outflow from investing activities amounts to NT$ 17,982 thousand.
3. Financing activities: Mainly because of bank loan repayment and issuance of new shares in 2023, that year's net cash inflow from financing activities amounts to NT$ 29,486 thousand.

IV. Impact of major capital expenditures on financial operations in the most recent year

For expanding production capacity of smart automobiles, in 2023, about NT$120 million would be spent in additional purchase of machinery and equipment as well as factory maintenance. This investment plan has been approved with the approval letter numbered 11005091450 specific to the Action Plan for Welcoming Taiwan Businessmen to Return to Taiwan for Investment, and executed with self-owned funds, so the material capital expenditures in the most recent years would not impact financial affairs of the Company.

V. Investee policies for the most recent years, main reasons for profits or losses, improvement plan and investment plan for the next year

(I) Investee policies for the most recent years, main reasons for profits or losses and improvement plan

In 2007, the Company established a wholly-owned subsidiary named Fast Achievement Global Ltd in Cayman Islands, through which, the Company invested in Brave Advance International Corp. The shareholding ratio declined from 100% to 25% in January 2019 for not participating in the cash capital increase, and from 2019, this subsidiary's profits and losses have no longer been included in the consolidated financial statements.

In addition, the Company established its wholly-owned subsidiary named Golden Start Global Corp in Samoa in 2010, and through this subsidiary, the Company invested in Charmtex Global Corp., which invested in Ruizhida Optoelectronics (Chengdu) Co., Ltd.

Unit: NT$ thousand

Reinvestment companies	Shareholding ratio	Recognized returns and losses on investments in 2022	Main cause of profit or loss	Improvement plan
Fast Achievement Global Ltd.	100%	372	As a holding company, gain profit as return on investments recognized for Brave	Continuously supervise management to increase returns on investments
Brave Advance International Corp.	25%	392	As a holding company, gain profit as return on investments recognized for Hongda	Continuously supervise management to increase returns on investments
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	25%	5	As an inveestee indirectly holding 25% shares, make profits mainly from the rental income of idle factories	Continuously supervise management to increase returns on investments
Golden Start Global Corp.	100%	(7,274)	As a holding company, suffer investment losses recognized for Charmtex	Continuously supervise management to increase returns on investments
Charmtex Global Corp.	100%	(7,265)	As a holding company, suffer investment losses recognized for Ruizhida Optoelectronics (Chengdu)	Continuously supervise management to increase returns on investments
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	100%	(8,450)	The losses mainly arose from the supply chain imbalance caused by local epidemic control policies	Continuously supervise management to increase returns on investments

(II) Investment plan for the next year:

At present, the Company has no investment plan for the next year.

VI. Analysis and evaluation of risks in the most recent years and as of the publication date of the annual report

(I) The effects that recent annual interest, exchange, fluctuation, and inflation rates have had on the profit and loss of the Company, as well as the future response measures:

1. Interest rate changes:

At present, the loan interest rates have increased slightly due to the influence of financing currency. Overall, there is no significant impact on the interest burden. In the future, the Company will endeavor to maintain a sound financial structure and maintain good relations with correspondent banks in order to strive for relatively favorable financing interest rates.

2. Exchange rate fluctuation

The Company is export-oriented, so exchange rate fluctuation has significant impacts upon the Company’s profits and losses. In response to risks of exchange rate fluctuation, the Company will adopt the following countermeasures:

A. Forward forex hedging trade

Maintain close contact with major correspondent banks and monitor changes in the foreign exchange market at any time in order to fully grasp exchange rate trends, and appropriately adjust foreign currency positions based on the capital revenue and expenditure status. The relevant risk managers will pay close attention to the exchange rate market dynamics and implement forward forex hedging based on foreign currency exposure changes to reduce the exchange rate risks. Forward forex hedging shall be conducted according to the “Assets Acquisition or Disposal Handling Procedures”.

B. Natural hedging methods

Use the same currency type for supplier purchase payments and customer sales receipts as much as possible to achieve natural hedging and avoid the impact of exchange rate fluctuations.

C. Provision of business (procurement) as basis for sales price quotes (procurement prices)

Comprehensively consider and evaluate future exchange rate trends and factors that may affect the exchange rates before a business or procurement unit makes external quotes, and provide appropriate and reasonable external quotes to prevent adverse effects on the Company’s revenue and profit due to exchange rate fluctuations.

3. Inflation:

The Company is part of the manufacturing industry. In response to the production cost increase caused by raw material inflation, energy, and other production factors, the Company is also committed to energy conservation, consumption reduction, yield improvement, and other cost-reducing measures. In addition, the Company has established long-term strategic partnerships with raw material suppliers to reduce the impact that inflation has on the Company’s profit and loss. In the future, the Company will continue to work on various cost reduction measures, pay attention to raw material price changes, and take corresponding measures at the appropriate time.

(II) Policies for high-risk investments, highly leveraged investments, fund lending, endorsement, guarantee and derivative transactions, main reasons for profits or losses and future countermeasures:

The financial operations of the Company are conducted in a conservative and steady manner. The Company doesn't make high-risk or highly leveraged investments. So far, it only lends funds, offers endorsements or guarantees to or conducts financial derivative transactions with its subsidiaries. The Company has formulated the Operating Procedure for Fund Lending to Others, Operating Procedure for Endorsement and Guarantee, and Operating Procedure for Acquisition or Disposal of Assets. Upon prudent evaluation, it takes actions in accordance with the internal control procedures and pertinent rules of the competent authorities.

(III) Future R&D plans and anticipated investments in R&D expenses:

1. Future R&D plans

(1) Develop special plated optical coatings for vehicle-borne HUD of front windshields.

(2) Develop electrochromic conductive films for vehicle skylights.

(3) Develop low-cost and high-efficiency hot forming furnaces for 3D dimensional glass.

(4) Develop CNC cutting and edge grinding of vehicle glass into different shapes.

2. Expected expenses of R&D investments

Considering that glass processing is highly customized and the application market rapidly changes, the Company's R&D expenses in 2021 amounted to NT$ 64,110 thousand, those in 2022amounted to NT$ 62,310 thousand, and those in 2023 are expected to be NT$ 78,750 thousand. In the next year, the Company will be committed to research, development and innovation.

(IV) Changes in domestic and foreign important policies and laws upon financial businesses of the Company in the most recent years and countermeasures:

All routine operations of the Company are conducted in compliance with domestic and foreign important policies and laws, without material impacts on the Company. The Company will pay close attention to possible changes in important domestic and foreign policies and laws at all times, evaluate the possible impact on the Company's financial business, and take appropriate measures in advance.

(V) Impacts of technology (including cyber security risks) and industry changes upon financial businesses of the Company and countermeasures:

The Company will continuously pay close attention to observing and understanding market information. It will inject resources in advance to enhance its research and development. In addition, intensive cooperation will be conducted with upstream and downstream customers, to adjust production lines, product development and corporate resource injection from time to time according to market dynamics. Besides, the Company will properly implement related countermeasures, understand market demand and seize opportunities for making profits.

The Company has formulated complete network and computer-related information security protection measures, but with constant changes in technologies and growing demands for cloud network services, the Company is more likely to face malicious network attacks from any external third-party collapsed systems. Apart from formulating specific measures for cyber security, it cooperates with manufacturers to perform irregular drills on vulnerability scanning, information security assessment and email social engineering, to prevent and reduce harms of similar attacks.

(VI) Impacts of corporate image change upon corporate crisis management and countermeasures:

The Company consistently adheres to the principle of ethical and professional management, performs social responsibilities, and improves quality and performance. It is committed to maintaining corporate image and complies with related laws and regulations. As of the publication date of this prospectus, no matter which is sufficient for impacting corporate image happened. In the future, the Company will fully perform its corporate social responsibilities while striving to maximize the shareholder equity.

(VII) Expected benefits and possible risks of mergers and acquisitions and countermeasures:

At present, the Company has no plans for mergers and acquisitions.

(VIII) Expected benefits and possible risks of factory expansion and countermeasures:

Except for executing the plan for expanding the production lines of 3D glass for smart automobiles according to the proposal for Taiwan merchants to return to Taiwan for investment. So far, the Company has not planned capital expenditures for factory expansion.

(IX) Centralized risks of procurement or sales and countermeasures:

(1) Procurement

The Company is a manufacturer specializing in the R&D, production, and sales of optical glass. Its main products are touch sensing glass, optical coating glass, thinned glass, cover glass, as well as glass trading. Glass substrate is the Company’s main raw material. As the Company has adjusted its development strategy in recent years and gradually entered into new fields such as automotive, industrial control, and green building, the Company has also actively sought and established a second supplier mechanism in order to prevent excessive procurement concentration.

(2) Sales

In the past years, centralized risks of procurement and sales have been evaded by product and customer diversification, including market development of medial displays for high-quality AR coated products, strategic alliances of the smart building market, and development of LED coated curtain glass. With the change of demand in the consumer market and the Company’s strategic adjustment of development strategies, no sales to a single customer account for more than 30%, so the Company’s risk of sale concentration is limited.

(X) Impacts of substantial transfer or replacement of directors, supervisors or major shareholders holding more than 10% of shares or equity upon the Company, risks and countermeasures: None.

(XI) Impacts of changes in management rights upon the Company, risks and countermeasures: NA.

(XII) For the major finalized and pending major litigations, non-litigation or litigations for administrative disputes administrative disputes associated with the Company and its directors, supervisors, presidents, substantive owners or major shareholders holding over 10% of the Company's shares or affiliates of which the results may have major impacts on the shareholder equity or securities prices, the disputed facts, target amount, commencement date of litigation, main parties concerned and measures taken as of the publication date of the annual report shall be disclosed:

1. Finalized judgments or pending major litigations, non-litigations, or administrative disputes of the Company in the most recent years and as of the publication date of the annual report of which the results may have significant impacts on the shareholder equity or securities prices: None.
2. Finalized judgments or pending litigations, non-litigations, or administrative disputes associated with the Company's directors, supervisors, or major shareholders holding over 10% of the Company's shares in the last two years and as of the printing date of the annual report of which the results may have major impacts on the shareholders' rights or share prices: None.
3. Events specified under Article 157 of the Securities Exchange Act which have occurred to the Company's directors, supervisors, managers and major shareholders holding more than 10% of the Company's shares in the past two years and as of the publication date of the annual report and current measures of the Company: None.

(XIII) Other important risks and countermeasures:

1. The long-term capital demand is high in the capital and technology intensive industries.
   The optical glass cutting, edging, polishing, strengthening, thinning, coating, and molding processes require a large number of precision production equipment. Because multi-processes such as preheating, ion exchange, molding, and annealing are required for chemical strengthening, molding, etc., the process time is long, and large-scale mass production equipment and good utilization rates are required to achieve economic scale and meet the huge and fast niche market demand for consumer electronic products. The Company conducts long- and short-term financing with financial institutions in combination with future capital market financing planning in response to long- and short-term funding needs.

2. Smart building glass products are widely used, the market development time is long, and the results do not manifest easily
   Smart color-changing glass will replace traditional glass and sun blinds in buildings and residences, especially for smart building indoor compartment applications as well as high-end residential and commercial buildings. This product offers a wide range of functions such as penetration rate selection, fast on/off switching, energy-conserving anti-glare control, and offers more privacy and durability. However, building design and construction times are long, and the initial product efficiency does not manifest easily. The Company can combine

the supply chain advantages with its strategic partners by forming strategic alliances to significantly shorten the product development period and enhance competitiveness.

3. Light and thin is the trend for electronic products, and new touch panel technology has been adopted by the industry

   Since the new touch panel technologies are widely applied by producers, compared with GG (glass-glass) previously widely applied in the market, chemically enhanced production capacity of original touch sensor glass has been internalized for applying the glass in current popular 3D-formed glass. The yield achieved with new technologies is still an important factor which affects production costs. In addition, the production capacity and market of consumer electronics have gradually been saturated in the past years. After evaluating the capital investments necessary for technology improvements and the returns, the Company gives priority to leverage production capacity of the outsourcing suppliers, in order to strictly control the benefits from economies of scale, especially to prevent losses of idle capacity from unexpected social economic issues, for the purpose of maximizing profits of the Company.

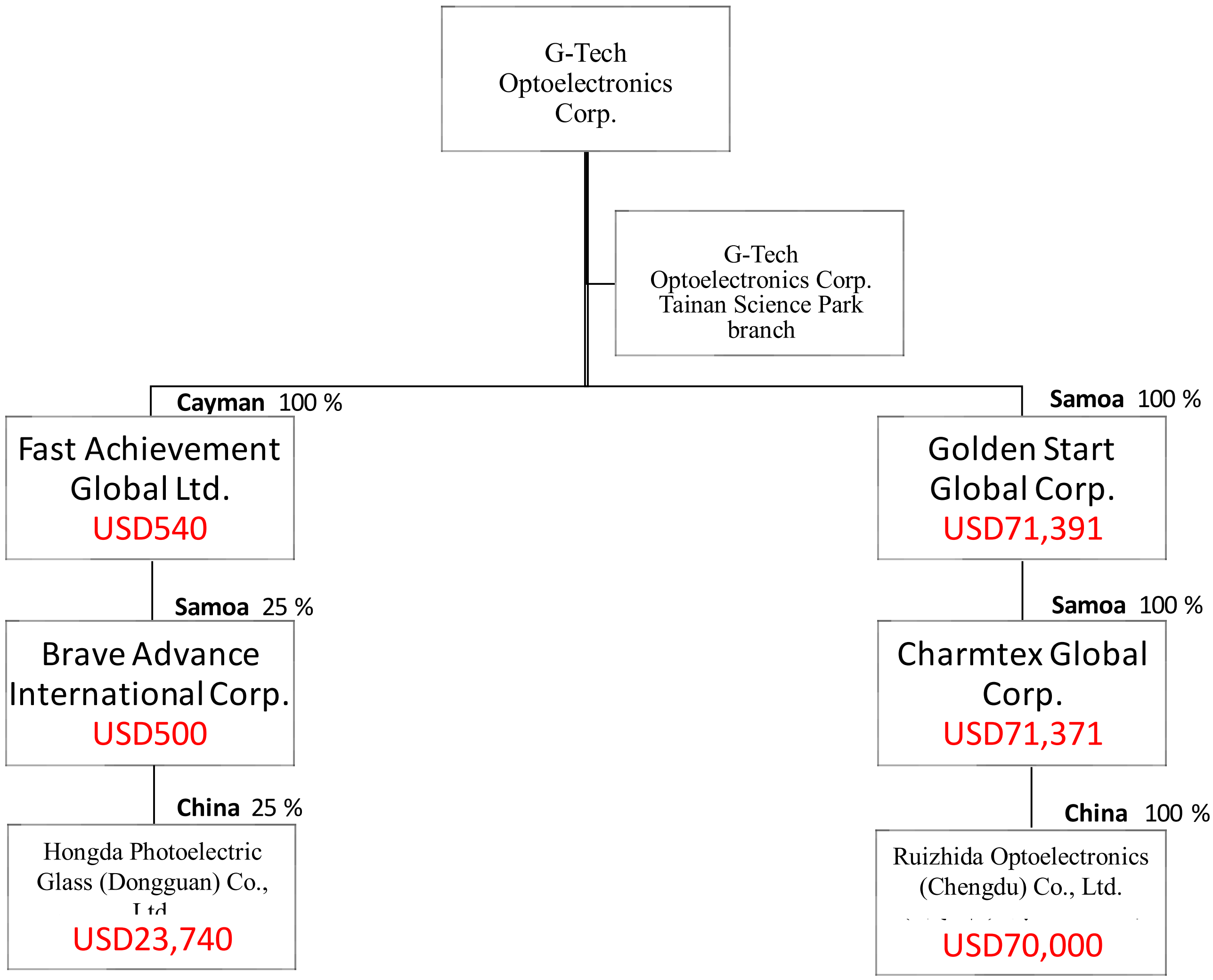
VII. Other significant matters: None.

Chapter 8. Special Record Items

I. Information related to affiliated enterprises

(I)Organizational Structure of Affiliates (December 31, 2022)

Unit: NT$ thousand



(II) Basic data of the affiliates

Unit: NT$ thousand

Enterprise name	Establishment date	Address	Paid-in capital	Main business items
Fast Achievement Global Ltd.	December 26, 2007	Cayman	USD540	Holding
Brave Advance International Corp.	December 26, 2007	Samoa	USD500	Holding
Hongda Photoelectric Glass (Dongguan) Co., Ltd. (Note 1)	January 14, 2008	Dongguan, China	USD23,740	Produce and sell TFT-LCD Flat panel display materials
Golden Start Global Corp.	May 14, 2010	Samoa	USD71,391	Holding
Charmtex Global Corp.	May 14, 2010	Samoa	USD71,371	Holding
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	May 11, 2011	Chengdu, China	USD70,000	Produce and sell TFT-LCD Flat panel displays and materials

Note 1: In January 2019, the Company handled formalities for cash capital increase. The consolidated company lost out of the Company's control because of its failure to recognize at its shareholding ratio and reelect the chairman, and its shareholding ratio declined to 25%. According to the gazette of the IAS, from 2019, its profits and losses were no longer included in the consolidated financial statements.

(III) Matters for be disclosed for those having controlling and subordinate relationship as presumed by the Company Act: Not applicable.

(IV) Industries covered by overall businesses of the affiliates and previous labor division:

1. The businesses of the Company cover: Processing, manufacture and sales related to protective glass sheets.
2. Labor division for businesses of the affiliates: Hongda Photoelectric Glass (Dongguan) Co., Ltd. and Ruizhida Optoelectronics (Chengdu) Co., Ltd. are responsible for developing local businesses, constructing complete strongholds for manufacturing and selling, and provide after-sales services.

(V) Data on directors, supervisors and presidents of the affiliates

Unit: thousand shares, NT$ thousand; December 31, 2022

<table>
<tr><th rowspan="2">Enterprise name</th><th rowspan="2">Title</th><th rowspan="2">Name or representative</th><th colspan="2">Number of shares held</th></tr>
<tr><th>Number of shares</th><th>Shareholding Percentage</th></tr>
<tr><td>Fast Achievement Global Ltd.</td><td>Director</td><td>G-Tech Optoelectronics Corp.
Representative: Chung, Chih-Ming</td><td>540,000</td><td>100%</td></tr>
<tr><td>Brave Advance International Corp.</td><td>Director</td><td>DE RONG INTERNATIONAL CO., LTD.
Representative: Liu, Song</td><td>500,000</td><td>25%</td></tr>
<tr><td rowspan="2">Hongda Photoelectric Glass (Dongguan) Co., Ltd.</td><td>Chairman and President</td><td>Brave Advance International Corp.
Representative: Chou, Lei</td><td rowspan="2">23,740,000</td><td rowspan="2">25%</td></tr>
<tr><td>Supervisor</td><td>Brave Advance International Corp.
Representative: Lee, Shih-Hung</td></tr>
<tr><td>Golden Start Global Corp.</td><td>Director</td><td>G-Tech Optoelectronics Corp.
Representative: Chiu, Huo-Sheng</td><td>71,391,373</td><td>100%</td></tr>
</table>

Enterprise name	Title	Name or representative	Number of shares held	
			Number of shares	Shareholding Percentage
Charmtex Global Corp.	Director	Golden Start Global Corp. Representative: Chiu, Huo-Sheng	71,371,373	100%
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	Chairman and President	Charmtex Global Corp. Representative: Wang, Yao-Chang	70,000,000	100%
	Supervisor	Charmtex Global Corp. Representative: Wu, Tai-Chiu		

(VI) Overview of the affiliates' operations

December 31, 2022; unit: NT$ thousand

Enterprise name	Capital	Total assets	Total liabilities	Net value	Operating income	Operating profit	Current profit and loss (after tax)	Earnings per share (NT$) (after tax)
Fast Achievement Global Ltd.	16,583	51,990	-	51,990	-	-20	392	-
Brave Advance International Corp.	61,420	211,809	-	211,809	147	-12	1,568	-
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	721,627	74,771	10,626	64,145	27,833	-10,867	22	-
Golden Start Global Corp.	2,192,429	73,894	-	73,894	-	-9	-7,274	-
Charmtex Global Corp.	2,191,815	83,718	9,824	73,894	70,344	737	-7,274	-
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	1,929,504	171,758	105,312	66,446	267,385	-9,015	-8,450	-

Note: The affiliated enterprises are foreign companies, and the relevant figures are listed in NTD converted on the reporting date.

(VII)For the affiliates' consolidated business reports, financial statements and relationship reports, please refer to Pages 121 through 189.

II. Private securities placement status in the most recent year and as of the printing date of this annual report: None.

III. Company stock holding or disposition status by a subsidiary in the most recent year and as of the publication date of this annual report: None.

IV. Other matters requiring supplementary explanation: None.

V. Matters with material impacts upon the shareholder equity or securities price under Subclause 2, Article 36-3 of the Securities Exchange Act in the most recent year and as of the publication date of the annual report: None.

Declaration

From January 1 to December 31, 2022, the companies which should be included in preparing the affiliates' consolidated financial statements as specified by the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those to be included in preparing consolidated financial statements of the parent company and its subsidiaries under IFRS 10 recognized by the FSC. Besides, related information which should be disclosed in the affiliates' consolidated financial statements has been disclosed in the previously disclosed consolidated financial statements of the parent company and its subsidiaries. Therefore, the affiliates' consolidated financial statements have no longer been additionally prepared.

Declared by

Company Name: G-TECH Optoelectronics

Corporation

Chairman of the Board: Chung, Chih-Ming

Date: March 10, 2023

Independent Auditor's Report

The Board of Directors G-TECH Optoelectronics Corporation

Verification Opinion

We have audited the accompanying consolidated financial statements of G-TECH Optoelectronics Corporation and its subsidiaries (the "Group") which comprise the consolidated balance sheets for the years ended December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows and notes to consolidated financial statements, including a summary of significant accounting policies, for the years ended December 21, 2022 and 2021.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 21, 2022 and 2021 in accordance with the regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRS Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed and issued into effects by the Financial Supervisory Commission.

Basis for Opinion

We perform audits according to the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norms for Professional Ethics for Certified Public Accountants and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

I. Revenue Recognition

Please refer to Note 4(16) of the consolidated financial statements for the detailed accounting policy on revenue recognition. Please refer to Note 6(18) of the consolidated financial statements for detailed descriptions of the revenue recognition.

Description of Key Audit Matters:

The revenue of the Group mainly comes from product sales to customers, and the sales contract with customers involve different types of transaction terms. For the recognition of sales revenue, the product control transfer status is determined according to the transaction terms of each individual sales contract. Accordingly, the test of the recognition of revenue is identified as a key audit matter for the execution of the audit of the financial statements of the Group.

Corresponding Audit Procedures:

- Evaluate if the accounting policies for income recognition are appropriate;
- Understand and test main income patterns, transaction models, contract terms, transaction conditions, related internal control designs and implementations of the Company to confirm if they are effective;
- Take samples for thorough tests and check all forms to confirm authenticity of transactions. A period before and after the financial reporting date, carry out cutoff tests, take samples and obtain related certificates, to confirm if the recognized time points of transactions are reasonable;
- In addition, a period before and after the financial reporting date, check the discounts and refunds that the Company has to offer to the customers according to the sales contracts, to confirm if there are material sales returns and discounts, in order to confirm authenticity of the transactions; and
- Learn about the accrued discounts estimated by the authorities and reconcile them with related internal or external data to evaluate whether related parameters and main hypotheses are reasonable. Review the estimates of previous years' accrued discounts to confirm if they are correct, and evaluate if the accrued discounts estimated by the authorities are appropriate.

II. Investment Property Fair Value Evaluation

Please refer to Note 4(10) of the consolidated financial statements for detailed accounting policy on investment property fair value evaluation. Please refer to Note 5(2) of the consolidated financial statements for detailed accounting estimation and assumption uncertainty for the investment property fair value. Please refer to Note 6(6) of the consolidated financial statements for details of the investment property.

Description of Key Audit Matters:

The investment property is an important asset for operations of the Company, and accounts for 26% of the total consolidated assets. The accounting of the Company is performed according to International Accounting Standard 40 at fair value, and subsequent changes in fair value are recognized as profit or loss of the current period. Since the Group uses the recommendations of external real estate appraiser reports as the basis for the evaluation of the investment property fair value, the neighborhood rental market prices referenced and financial information related to the investment property rental provided by the Group for the execution of the appraisal procedure may involve material judgment and estimation uncertainty. Accordingly, any inappropriate evaluation of the fair value change may result in misstatement of the financial statements. Accordingly, the investment property fair value evaluation is identified as a key audit matter for the execution of the audit of the financial statements of the Group.

Corresponding Audit Procedures:

- Assess the professionality, objectiveness and experience of the real estate appraiser retained by the Group to be in charge of the fair value measurement.
- Verify the rationality of the material assumptions and critical judgments adopted in its appraisal report, and review the lease agreements and comparison with relevant market information, in order to determine whether the future cash flow, income and discount rate have been handled according to the regulations.
- Verify the appraisal report and relevant accounting records in order to determine the accuracy of accounting procedures.

Other Matters

G-TECH Optoelectronics Corporation has prepared the parent company only financial statements for 2022 and 2021, to which we have issued an independent auditor's report with unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission, and for necessary internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance means high assurance, and in performing audits according to the auditing standards, it cannot be guaranteed that material misstatements can always be detected in the standalone financial reports. Misstatement can arise from fraud or error.

Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

In conducting audits according to the auditing standards, we make professional judgments and remain professionally skeptical. We also:

1. Identify and evaluate risks of material misstatements in consolidated financial statements resulting from frauds or errors; design and implement appropriate countermeasures for the evaluated risks; obtain sufficient and appropriate audit evidences as bases of audit opinions. 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. Acquire necessary understanding about internal controls critical for auditing, to design appropriate auditing procedures suitable for the current circumstances, but the purpose is not to express opinions regarding effectiveness of the Company's internal controls.
3. Evaluate whether the accounting policies adopted by the management, accounting estimates and related disclosures are appropriate.
4. Based on the obtained audit evidences, reach conclusions regarding appropriateness of the going concern basis of accounting adopted by the management, and whether material uncertainties exist in the events or circumstances which might cause major doubts about the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then relevant disclosures of the consolidated financial statements are required to be provided in our audit report to allow users of consolidated financial statements to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate overall expressions, structures and contents of the consolidated financial statements (including related notes), and whether relevant transactions and events are fairly presented in the consolidated financial statements.
6. For the financial information of the Company's individual members, obtain sufficient and appropriate auditing evidences to express opinions on the consolidated financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion on the Group.

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 have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics, and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of the Group's 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude 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 could reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

CPA:

Certificate No. Approved by the Competent Authority of Securities	:	Jin Guan Zheng Liu Zi No.0940129108 Jin Guan Zheng Shen Zi No.1020000737

March 10, 2023

G-TECH Optoelectronics Corporation and Subsidiaries

Consolidated Balance Sheet

As of December 31, 2021 and 2022

Unit: NT$ thousand

		December 20, 2022 Amount	%	December 31, 2021 Amount	%
	Assets				
	Current assets:				
1100	Cash and cash equivalents (Note 6(1) and (20))	$ 682,275	16	621,683	14
1170	Net notes and accounts receivable (Note 6(2), (18) and (20))	332,727	8	536,367	12
1180	Net notes and accounts receivable - related parties (Note 6(2), (18) and (20) and 7)	130,468	3	123,124	3
1220	Current income tax assets	373	-	5	-
130X	Inventories (Note 6(3))	187,261	4	211,533	5
1476	Other financial assets - current (Note 6(7), (20), 7 and 8)	120,701	3	96,882	2
1479	Other current assets - others	14,011	-	21,381	-
	Total current assets	1,467,816	34	1,610,975	36
	Non-current assets:				
1510	Financial asset at fair value through profit or loss－Non-current (Note 6(10), and (20))	-	-	1,250	-
1551	Investment accounted for under the equity method (Note 6(4))	51,990	1	47,814	1
1600	Property, plant and equipment (Note 6(5), (23), 8 and 9)	1,262,303	29	1,228,620	27
1755	Right-of-use assets(Note 7)	46,093	1	115,575	3
1760	Net investment property (Note 6(6) and 8)	1,145,991	26	1,138,062	25
1780	Intangible Assets	2,028	-	5,163	-
1840	Deferred income tax assets (Note 6(13))	5,037	-	4,643	-
1915	Prepayments for equipment (Note 8 and 9)	94,441	2	157,805	4
1980	Other financial assets - non-current (Note 6(7) and (20) and 8)	287,347	7	183,915	4
	Total non-current assets	2,895,230	66	2,882,847	64
	Total Assets	$ 4,363,046	100	4,493,822	100

		December 20, 2022 Amount	%	December 31, 2021 Amount	%
	Liabilities and Equity				
	Current liabilities				
2100	Short-term borrowings (Note 6(8) and (20))	$ 393,792	10	534,361	12
2130	Contract liabilities - current (Note 6(18))	13,518	-	4,661	-
2170	Notes and accounts payable (Note 6(20))	89,763	2	168,935	4
2180	Notes and accounts payable - related parties (Note 6(20) and 7)	227,874	5	178,333	4
2219	Other payables (Note 6(20) and 7)	105,558	2	121,801	3
2213	Payables on equipment (Note 6(20) and (23))	4,977	-	3,303	-
2250	Liability reserve - current (Note 6(12))	26,174	1	42,970	1
2280	Lease liabilities - current (Note 6(20) and 7)	14,800	-	56,792	1
2322	Long-term borrowings due in one year or one business cycle (Note 6(9) and (20))	214,684	5	273,781	6
2399	Other current liabilities - others	35	-	57	-
	Total current liabilities	1,091,175	25	1,384,994	31
	Non-current liabilities:				
2530	Corporate bonds payable (Note 6(10) and (20))	492,797	11	487,048	11
2540	Long-term borrowings (Note 6(9) and (20))	1,228,156	29	1,065,449	24
2550	Liability reserve - non-current	18,300	-	18,300	-
2570	Deferred income tax liabilities (Note 6(13))	53,846	1	53,451	1
2580	Lease liabilities - non-current (Note 6(20) and 7)	313	-	51,821	1
	Total non-current liabilities	1,793,412	41	1,676,069	37
	Total liabilities	2,884,587	66	3,061,063	68
	Owner's equity attributable to parent company (Note 6 (14) and (15)):				
3100	Share capital	2,241,856	51	2,063,936	46
3200	Capital surplus	196,778	5	18,948	-
3300	Losses to be covered	(1,440,223)	(33)	(1,124,630)	(25)
3400	Other equity	480,048	11	474,505	11
	Total equity	1,478,459	34	1,432,759	32
	Total liabilities and equity	$ 4,363,046	100	4,493,822	100

G-TECH Optoelectronics Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
From January 1 to December 31, 2021 and 2022

Unit: NT$ thousand

		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenues (Note 6(18) and 7)**	$ 2,430,202	100	2,613,833	100
5000	**Operating costs (Note 6 (3) and (12))**	2,552,312	105	2,576,766	99
	Gross profit (loss)	(122,110)	(5)	37,067	1
	Operating expenses (Note 6 (2), (12) and 7):				
6100	Selling and marketing expenses	36,486	2	30,950	1
6200	Administrative expenses	151,944	6	145,372	6
6300	Research and development expenses	62,314	3	64,105	2
6450	Estimated credit impairment losses (recovery gains) (Note 6 (2))	24,247	1	(4,943)	-
	Total operating expenses	274,991	12	235,484	9
	Net operating loss	(397,101)	(17)	(198,417)	(8)
	Non-operating income and expense:				
7100	Interest income (Note 6(19))	5,104	-	19,991	-
7020	Other gains and losses (Note (6) (6), (10) and (19))	121,066	5	95,171	4
7050	Finance costs (Note 6(10), (19) and 7)	(45,054)	(2)	(38,904)	(1)
7060	Share of profit or loss on of associated companies and joint ventures accounted for using the equity method (Note 6(4))	392	-	1,351	-
	Total non-operating income and expenses	81,508	3	77,609	3
	Net loss before tax from continuing operating segments	(315,593)	(14)	(120,808)	(5)
7950	**Less: Income tax expenses (Note 6(13))**	-	-	(13)	-
	Net loss of current period	(315,593)	(14)	(120,795)	(5)
8300	**Other comprehensive income:**				
8360	**Items that may subsequently be reclassified to profit or loss (Note 6(14))**				

8361	Difference in exchange from the conversion of financial statements of overseas operating entities	6,965	-	(2,274)	-
8370	Share of other comprehensive income of associated companies and joint ventures accounted for using the equity method	(1,422)	-	340	-
8399	Less: Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total of items that may subsequently be reclassified to profit or loss	5,543	-	(1,934)	-
8300	**Other comprehensive income (loss) of current period**	5,543	-	(1,934)	-
8500	**Total comprehensive income of current period**	**$ (310,050)**	**(14)**	**(122,729)**	**(5)**
	Loss per share (Note 6 (16)				
9710	**Basic loss per share (Unit: NT$)**	**$ (1.45)**		**(0.59)**	

G-TECH Optoelectronics Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

From January 1 to December 31, 2021 and 2022

Unit: NT$ thousand

	Common share capital	Capital surplus	Losses to be covered	Other equity: Difference in exchange from the conversion of financial statements of overseas operating entities	Other equity: Revalued amount of property	Other equity: Total	Total equity
Balance on January 1, 2021	$ 2,063,936	16,711	(1,019,793)	163,752	312,687	476,439	1,537,293
Net loss of current period	-	-	(120,795)	-	-	-	(120,795)
Other comprehensive income (loss) of current period	-	-	-	(1,934)	-	(1,934)	(1,934)
Total comprehensive income of current period	-	-	(120,795)	(1,934)	-	(1,934)	(122,729)
Other capital surplus changes:							
Items of the -equity recognized due to issuance of convertible corporate bonds(preferred share))	-	12,724	-	-	-	-	12,724
Covering loss from capital surplus	-	(15,958)	15,958	-	-	-	-
Share-based compensation	-	5,471	-	-	-	-	5,471
Balance on December 31, 2021	2,063,936	18,948	(1,124,630)	161,818	312,687	474,505	1,432,759
Net loss of current period	-	-	(315,593)	-	-	-	(315,593)
Other comprehensive income (loss) of current period	-	-	-	5,543	-	5,543	5,543
Total comprehensive income of current period	-	-	(315,593)	5,543	-	5,543	(310,050)
Cash capital increase	170,000	170,000	-	-	-	-	340,000
Employees' exercising of stock options for issuing new shares	7,920	237	-	-	-	-	8,157
Share-based compensation	-	7,593	-	-	-	-	7,593
Balance on December 31, 2022	**$ 2,241,856**	**196,778**	**(1,440,223)**	**167,361**	**312,687**	**480,048**	**1,478,459**

G-TECH Optoelectronics Corporation and Subsidiaries

Consolidated Statements of Cash Flows

From January 1 to December 31, 2021 and 2022

Unit: NT$ thousand

		2022	2021
Cash Flows from Operating Activities:			
Net loss before tax in the period	$	(315,593)	(120,808)
Adjustments:			
Income/expenses items			
Depreciation expense		194,609	206,542
Amortizations		4,940	4,691
Estimated credit impairment losses (recovery gains)		24,247	(4,943)
Net loss on financial asset or financial liability at fair value through profit or loss		1,250	726
Investment income recognized under the equity method		(392)	(1,351)
Loss (gain) on disposal and retirement of property, plant and equipment		22,947	(985)
Interest expense		45,055	38,904
Interest income		(5,104)	(19,991)
Share-based payment cost		7,593	5,471
Impairment loss on property, plant, and equipment		-	20,215
Gain on fair value adjustment of investment property		(7,929)	(22,994)
Gains from leasehold improvements		(415)	-
Total adjustments to reconcile profit and loss		286,801	226,285
Change in assets/liabilities relating to operating activities:			
Notes and accounts receivable (including related parties)		154,832	13,075
Inventories		24,272	(54,834)
Other current assets		7,419	15,569
Other financial assets		(86)	7,745

Contract liabilities - current	8,844	(2,896)
Notes and accounts payable (including related parties)	(31,369)	61,017
Other payables	(16,541)	15,121
Liability reserve - current	(16,796)	27,039
Other current liabilities - others	(23)	12
Total net changes in assets and liabilities related to operating activities	130,552	81,848
Total adjustments	417,353	308,133
Cash inflow generated by operating activities	101,760	187,325
Interest received	24,065	1,933
Interest paid	(37,695)	(33,934)
(Paid) refunded income taxes	(367)	238
Net cash inflow generated by operating activities	87,763	155,562

G-TECH Optoelectronics Corporation and Subsidiaries

Consolidated Statements of Cash Flows (continued)

From January 1 to December 31, 2021 and 2022

Cash flow from investing activities:		
Acquisition of financial assets at fair value through profit or loss	-	(14,078)
Disposal of financial assets at fair value through profit or loss	-	14,352
Property, plant and equipment acquired	(67,473)	(27,498)
Disposal of property, plant and equipment	3,827	985
Acquisition of intangible assets	(1,805)	(2,908)
Increase in other financial assets	(127,157)	(177,337)
Increase in prepayments for equipment	(72,370)	(162,010)
Net cash used in investing activities	(264,978)	(368,494)
Cash flows from financing activities:		
Increase in short-term borrowings	907,631	1,193,541
Decrease in short-term borrowings	(1,048,200)	(1,228,957)
Proceeds from issuing bonds	-	493,178
Proceeds from long-term borrowings	422,000	196,000
Repayments of long-term borrowings	(318,390)	(258,296)
Lease principle repayment	(74,907)	(59,706)
Cash capital increase	340,000	-
Employee stock options	8,157	-
Net cash inflow from financing activities	236,291	335,760
Effect of exchange rate changes on cash and cash equivalents	1,516	(649)
Increase of cash and cash equivalents in current period	60,592	122,179
Balance of cash and cash equivalents at beginning of period	621,683	499,504
Balance of cash and cash equivalents at end of period	$ 682,275	621,683

G-TECH Optoelectronics Corporation and Subsidiaries

Consolidated Statements of Cash Flows (continued)

From January 1 to December 31, 2021 and 2022

G-TECH Optoelectronics Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
2021 and 2022

(Unless otherwise specified, all amounts shall be denominated in NT$ thousand)

I. Organization and Business Scope

G-TECH Optoelectronics Corporation ("the Company") was established on June 27, 1996 with the approval of the Ministry of Economic Affairs, with the registered place at No. 99 Zhongxing Rd., Tongluo Township, Miaoli County. The main businesses of the Company and its subsidiaries (hereinafter collectively referred to as "the consolidated company") are manufacturing glass, glass products and electronic components as well as conducting international trade, etc.

II. Date and Procedure for Approval of Financial Statements

These consolidated financial statements were published with the approval of the Board of Directors on March 10, 2023.

III. Application of New and Revised Standards, Amendments and Interpretations

(I) Adopted newly promulgated and amended criteria recognized by the Financial Supervisory Commission ("FSC"), and explanation of their impacts

The Company has adopted the following newly amended IFRSs since January 1, 2022, which has imposed no material impact upon the consolidated financial statements.

- Amendments to IAS 16 "Property, Plant and Equipment — Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts — Cost of Fulfilling a Contract"
- IFRS 2018-2020 Annual Improvements
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(II) Effect of not adopting the IFRS endorsed by the FSC

The consolidated company adopts the following newly amended IFRSs which have entered into force since January 1, 2023 in its evaluation, which will impose no material impact upon the consolidated financial statements.

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

(III) New standards and Interpretations not yet endorsed by the FSC

G-TECH Optoelectronics Corporation and Subsidiaries
Consolidated Statements of Cash Flows (continued)
From January 1 to December 31, 2021 and 2022

The standards and interpretations issued by the IASB but not yet endorsed and issued into effect by the FSC that may be relevant to the Group are as follows:

Newly promulgated or amended standards	Main amendments	Effective date of publication by FSC
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	According to IAS 1 in force, the liabilities for which an enterprise is not entitled to unconditionally extend the term of repayment to at least 12 months after the reporting period shall be classified as current. In the amended clause, such right is no longer specified to be unconditional. Instead, it is stipulated that the right shall exist and substantive on the end date of the reporting period. The amended clauses specifies how an enterprise shall classify its liabilities repaid by issuing its own equity instruments (e.g. convertible corporate bonds)	January 1, 2024
Amendments to IAS 1 "Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendment to IAS1, it is specified in the newly amended clause that only the covenants followed on or before the reporting date impact the classification of liabilities as current or non-current. The covenants which shall be obeyed by an enterprise after the reporting date (namely the future covenants) do not impact the classification of liabilities on that day. Only when the non-current liabilities are subject to the future covenants shall an enterprise disclose information to help the users of its financial statements understand the risk that such liabilities might be repaid within 12 months after the reporting date.	January 1, 2024

The Group is currently assessing the impact of the aforementioned standards and interpretations on the financial status and business results of the Group, and relevant impacts will be disclosed after the completion of the assessment.

The following newly promulgated and amended standards not yet approved are not expected to have material impact on the consolidated financial statements of the Group.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”
- Amendments to IFRS 16 “Provisions for Sale and Leaseback Transactions”

IV. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of the consolidated financial statements are summarized as follows. The following accounting policies have been applied consistently throughout the presented periods in the consolidated financial statements.

(I) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (referred to as the “Regulations”) and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs” endorsed and issued into effect by the FSC).

(II) Basis of Preparation

1. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following significant balance sheet items.

(1) Financial assets at fair value through profit or loss

(2) Investment property at fair value

2. Functional and presentation currencies

The functional currency of each entity of the Group is determined based on the currency of the primary economic environment in which it operates. These consolidated financial statements are presented in New Taiwan Dollars, which is the Group’s functional currency. All financial information is presented in NT$ thousand.

G-TECH Optoelectronics Corporation and Subsidiaries

Consolidated Statements of Cash Flows (continued)

From January 1 to December 31, 2021 and 2022

(III) Basis of Consolidation

1. Principles for preparing the consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. subsidiaries). The Company controls an invested entity when the Company is exposed, or has rights, to variable returns from its involvement with the invested entity and has the ability to affect those returns through its power over the entity.

Consolidation of subsidiaries begins from the date when the Group obtains control of the subsidiaries and ceases on the date when the Group loses control of the subsidiaries. Transactions, balances or any unrealized gains and losses among the consolidated companies have been eliminated during the preparation of the consolidated financial statements. The total comprehensive income/loss of the subsidiaries are attributed to the owners and non-controlling interests of the Company respectively, and the same is true when the non-controlling interests consequently become loss balance.

Appropriate adjustments have been made to the financial statements of subsidiaries to allow their accounting policies to be consistent with those used by the Group.

Changes to the ownership interest of the subsidiaries made by the Group that have not caused the loss of the control over such subsidiaries, are handled as interest transactions with the owner. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity of the owner of the Company.

2. Subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements are:

			Shareholding ratio		
Investors	Subsidiaries	Business nature	December 20, 2022	December 31, 2021	Explanations
The Company	Fast Achievement Global Ltd.	Holding	100.00%	100.00%	
〃	Golden Start Global Corp.	〃	100.00%	100.00%	
Golden Global	Charmtex Global Corp.	Holding	100.00%	100.00%	
Charmtex Global	Ruizhida Optoelectronics (Chengdu) Co., Ltd.	Produce and sell TFT - LCD materials	100.00%	100.00%	

3. Subsidiaries not included in the consolidated financial statements: None.

(IV) Foreign currency

1. Transactions in foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rate at the dates of the transactions. At the end of each subsequent reporting period (referred to as the "report date"), foreign currency items are translated to the functional currency at the exchange rate at that date. Non-monetary items measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transaction.

The foreign exchange difference arising from the conversion is typically recognized in profit or loss; however, it shall be recognized under other comprehensive income for the following conditions:

(1) Designated as equity instruments measured at fair value through other comprehensive profit or loss;

(2) Designated as overseas operating entities' financial liabilities for evading risks of net investments within the effective scope of risk evasion: or

(3) Qualified cash flow evading risks within the effective scope.

2. Overseas operating entities

The assets and liabilities of foreign operations include the reputation and fair value adjustment at the time of acquisition, and it is converted into NTD according to the exchange rate on the report date. The profit and loss items are converted into NTD according to the average exchange rate of the current period. The exchange difference generated is recognized as other comprehensive income.

In case of disposal of a foreign operation leading to loss of control, joint control or material impact, the accumulated exchange difference related to the foreign operation shall be reclassified as profit or loss in full. During partial disposal of subsidiaries involving foreign operations, relevant accumulated exchange difference shall be reclassified as non-controlling interest proportionally. During partial disposal of affiliated enterprise or joint venture investment involving foreign operations, relevant accumulated exchange difference shall be reclassified as profit or loss proportionally.

For monetary accounts receivable or payable of a foreign operation, if there is no repayment plan and repayment cannot be made in the foreseeable future, the foreign exchange profit or loss arising therefrom shall be treated as part of the net investment on such foreign operation and shall be recognized as other comprehensive income.

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

Assets satisfying one of the following criteria shall be classified as current assets; all other assets that are no current assets shall be classified as non-current assets:

1. The assets are expected to be realized in the normal course of business, or intended to be

sold or consumed;

2. The assets are held mainly for trading;
3. The assets are expected to be realized within 12 months after the reporting period; or
4. The assets are cash or cash equivalents, except that they are subject to other restrictions when exchanged or used for repaying liabilities at least 12 months after the reporting date.

Liabilities satisfying one of the following criteria shall be classified as current liabilities; all other liabilities that are not current liabilities shall be classified as non-current liabilities:

1. The liabilities are expected to be discharged in the normal course of business;
2. The liabilities are held mainly for trading;
3. The liabilities are expected to be discharged within 12 months after the reporting period; or
4. The liabilities for which the Company is not entitled to unconditionally extend the term of repayment to at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuing of equity instruments do not affect its classification.

(VI) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents refer to shot-term investments with high liquidity that are subject to insignificant risk of changes in their fair value and can be cashed into fixed amounts of money. The definition of time deposit is similar to that of cash equivalent; however, the purpose of holding time deposit is for short-term cash commitment rather than investment, to be classified as cash equivalents.

(VII) Financial instruments

Accounts receivable and debt securities are initially recognized upon receipt. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instruments. Financial assets not measured at fair value through profit or loss (excluding account receivables not containing a significant financial component) or financial liabilities were initially measured at fair value plus the transaction cost directly attributed to the acquisition or issuance thereof. Accounts receivable not containing a significant financial component were initially measured at the transaction price.

1. Financial assets

For the purchase or sale of financial assets complying with regular trading, the Group uses the same method to classify the financial assets. All of the purchases and sales of financial assets are recognized using trade-date or settlement-date accounting.

During the initial recognition, the financial assets are classified as: financial assets measured at amortized cost or financial assets at fair value through profit or loss.

The Group reclassifies all affected financial assets starting on the first day of the next reporting period only when it changes its business model for managing its financial assets.

(1) Financial assets measured at amortized costs

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principle and interest on the outstanding principle amount.

Such assets subsequently use the initially recognized amount plus or less the accumulated amortized value using the effective interest method, and adjust any allowance loss measured at amortized cost. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Gains or losses on derecognition are recognized in profit or loss.

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

The financial instruments that are not measured at amortized cost or measured at fair value through other comprehensive income as described above are measured at fair value through profit or loss, including derivative financial assets. When making initial recognition, the Group may irrevocably recognize the financial assets that qualify as financial assets measured at amortized cost as financial assets at fair value through profit or loss in order to eliminate or significantly reduce the accounting mismatch.

Such assets are subsequently measured at fair value, and the gain or loss (including any dividends and interest income) is recognized as profit or loss.

(3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured at 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default

occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is measured at an amount equal to lifetime ECLs.

To determine whether the credit risk has significantly increased after the initial recognition, the Group considers reasonable and verifiable information (information that can be obtained without excessive cost or investment), including qualitative and quantitative information, and the analysis conducted by the Group based on past experience, credit assessment and prospective information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligation to the Group in full.

Where credit risk of financial instruments belong to the globally defined "investment grade" (BBB- - Standard & Poor's investment grade, Baa3 - Moody's investment grade or twA - investment grade of Taiwan Ratings, or a higher grade), the credit risk of such debt securities will be deemed low by the consolidated company.

Lifetime ECLs are the ECLs that result from all possible default events during the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from possible default events within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses during the expected lifetime of the financial instrument. Credit losses are measured as the present value of all cash shortfalls, i.e. the difference between the cash flows due to the Group in accordance with contracts and the cash flows that the Group expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assess whether financial assets measured at amortized cost are subject to credit impairment. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observation data:

・Significant financial difficulty of the borrower or issuer;

- A breach of contract such as a default or being more than 90 days past due;
- For economic or contractual reasons related to the borrower's financial difficulty, having granted to the borrower a concession that the Group would not otherwise consider;
- It is probable that the borrower will file for bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security due to financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off, either in full or partially, to the extend that there is no realistic prospect of recovery for the Group. For corporate accounts, the Group individually analyzes the write-off timing and amount based on whether it is reasonably expected to be recovered. The Group expects that the written off amount will not have any significant reversal. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(4) Derecognition of financial assets

The Group derecognizes financial assets only when the contractual rights of the cash flows from the asset are terminated, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party, or when nearly all risks and rewards of ownership are not transferred and not retained and the control of the financial asset is not retained.

When the Group signs a transaction for transferring financial assets, if all or nearly all of the risks and rewards of the ownership of the assets transferred are retained, then it is still continued to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity instruments

The debts and equity instruments issued by the Group are classified as financial liabilities or equity according to the substance of contract agreements and the definition of financial liabilities and equity instruments.

(2) Equity transactions

Equity instrument refers to any contract representing the Group with remaining equity from assets after all liabilities have been subtracted. The equity instruments issued by the Group are recognized based on the amount obtained from the payment amount less the direct issuance cost.

(3) Compound financial instruments

The compound financial instruments issued by the Group refer to convertible corporate bonds (valued in NTD) of options held by the owner for converting into capital share, and the quantity of the shares issued does not change along with changes of the fair value.

For the liability component of compound financial instruments, its amount initially recognized is measured at the fair value of similar liabilities excluding the equity conversion right. The initially recognized amount of the equity component is measured based on the difference between the overall compound financial instrument fair value and the liability component fair value. Any transaction costs that can be attributed directly are amortized to the liability and equity component according to the initial carrying amount ratio of the liability and equity.

After initial recognition, the liability component of the compound financial instruments is subsequently measured at amortized cost calculated using the effective interest method. For the equity component of compound financial instruments, it shall not be remeasured after initial recognition.

The interest related to the financial liabilities is recognized in profit or loss. When financial liabilities are reclassified as equity during the conversion, such conversion is not recognized in profit or loss.

(4) Financial liabilities

Financial liabilities are subsequently measured either at amortized cost or at fair value through profit or loss. Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading, is a derivate instrument, or is designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value, with any relevant net gains or losses, including any interest expense, recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost calculated using the effective interest method. Interest expense and exchange gain and loss are recognized in the profit or loss. On derecognition, any profits or losses are recognized in profit or loss.

(5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged, canceled or has expired. When there are changes in the terms of the financial liabilities and there is significant difference in the cash flow of liabilities after revision, then the original financial liabilities are derecognized, and the revised terms are used as the basis for the recognition of the new financial liabilities at fair value.

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

(6) Offsetting of financial assets and liabilities

The Group only presents financial assets and liabilities on a net basis when the Company currently has the legally enforceable right to offset them, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(VIII) Inventories

Inventory is measured based on the lower of the cost and the net realizable value. The cost of inventories consists of all costs of acquisition, production or processing costs and other costs arising from the location and state of use, and the weighted average method is used. The costs of finished products and work in process include the manufacturing expense amortized according to the appropriate ratio under normal production capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(IX) Investment in Associates

Associate refers to an entity where the Group has material impact on its financial and operational policies, but has no control or joint control over.

The Group adopts the equity method for the equity of an associate. Under the equity method, it is recognized at cost during the initial acquisition, and the investment cost includes the transaction cost. The carrying amount of the invested associate includes the goodwill identified during the initial investment, less any accumulated impairment loss.

The consolidated financial statements includes the amount of profit or loss and the amount of other comprehensive income of each invested associate, from the date of having material impact to the date of losing material impact, after adjustments to make the accounting policy consistent with the Group, recognized by the Group according to the equity ratio. When an associate is subject to equity change not for profit or loss or other comprehensive income and when the shareholding percentage of the Group in the associate is not affected, the Group then recognizes the equity change under the share of the associate for the Group as capital reserve according to the shareholding percentage.

The unrealized profit and loss arising from the transactions between the Group and associates is recognized in the company’s financial statements only within the equity scope of the non-related party on the associate. When the loss amount of the associate required for recognition proportionally by the Group is equal to or exceeds its equity in the associate, its loss is no longer recognized, and additional loss and relevant liabilities are recognized only within the scope of occurrence of statutory obligation, presumed obligation or payments made on behalf of the investee.

(X) Investment Property

Investment property refers to property held for the purpose of earning rents or capital value increase or both, and excluding property provided for normal business sales, for production, for product or labor or for administrative management purposes. Investment property is measured at cost initially, and subsequently measured at fair vale. Any change thereof is recognized in profit or loss.

The profit or loss from disposition of investment property (calculated based on the difference between the net disposition amount and the carrying amount of such item) is recognized in profit or loss. If an investment property for sale was previously classified as property, plant and equipment, any relevant “Other equity - revalued amount of property” is changed to be recognized as retained earnings.

The rental income from investment property is recognized as non-operating income under the straight-line method during the lease period, and the lease incentive offered during the lease period is recognized as part of the rental income.

(XI) Property, Plant and Equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (including capitalized borrowing costs) less subsequent accumulated depreciation and any subsequent accumulated impairment loss.

When the useful lifetimes of the major components of the property, plant and equipment are different, then it is handled as an independent item (main component) of the property, plant and equipment.

The gain or loss arising from the disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenditure is capitalized only when it is possible that the future economic benefits associated with the expenditure will flow to the Group.

3. Depreciation

The depreciation of an asset is determined after deducting its residual amount from its original cost and is depreciated using the straight-line method over its useful life in order to be recognized in profit or loss.

Land is not depreciated.

The estimated useful lives for current and comparative years are as follows:

(1) Houses and buildings	2～25 years
(2) Machinery and equipment	3～8 years
(3) Other equipment	3～11 years
(4) Leasehold improvement	1～10 years

The houses and buildings mainly include factory buildings, electromechanical power equipment, engineering and dust-free clean room systems. Their depreciation is accrued according to their useful life of 25 years, 10 years and 10 years respectively.

Depreciation methods, useful lives and residual values are reviewed by the Group at each reporting date, and are adjusted appropriately when it is determined necessary.

4. Reclassification as investment property

When the purpose of a property for own use is changed to an investment property, such property is reclassified to investment property based on the fair value at the time of change of its purpose. The profit generated is then remeasured, and it is recognized in profit or loss within the scope of the accumulated impairment previously recognized for such property. The remaining difference is then recognized under other comprehensive income, and it is cumulated to “Other equity - revalued amount of property”. Any loss is recognized in profit or loss; however, if the reduced value is still within the revalued amount of the property, then the reduced amount is recognized in other comprehensive income, and the revalued amount in the equity is offset and reduced.

(XII) Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1. Lessees

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Group periodically assesses whether the right-of-use asset has any impairment and handles any impairment loss already incurred, and under the condition where remeasurement on the lease liability occurs, the right-of-use-asset is adjusted.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. It is discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate is used. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(1) Fixed payments, including substantive fixed payments;

(2) Variable lease payments based on an index or rate, with the index or rate on the start date of lease for original measurement;

(3) Amount expected to be paid as residual value guarantee; and

(4) Price reasonably determined for exercising purchase options or options for lease termination or the penalty to be paid.

The lease liability is measured at amortized cost using the effective interest method, and it is remeasured under the following conditions:

(1) Future lease payment changes with the index or rate for determining lease payment;

(2) Amount expected to be paid as residual value guarantee changes;

(3) Changes occur to the evaluation of options for purchasing underlying assets;

(4) The estimates on whether to extend or terminate the options change, as a result of which the evaluation of lease term is adjusted;

(5) Leased objects, scope or other clauses are modified.

When the lease liability is remeasured due to the aforementioned change in future lease payments arising from a change in an index or rate, change in residual value guarantee and change in purchase, extension or termination option assessment, a corresponding adjustment is made to the carrying amount of the right-of-use asset, and it is recorded in profit or loss when the carrying amount of the right-of-use asset has been reduced to zero.

For change of lease in the reduction of the scope of lease, the carrying amount of the right-of-use asset is reduced in order to reflect the termination of all or a portion of the lease, and the amount of difference with the lease liability is remeasured for recognition in profit or loss.

The Group presents right-of-use assets and lease liability that do not meet the definition of investment property in single items in the balance sheets respectively.

For short-term leases of other equipment and low-value underlying asset leases, the Group chooses not to recognize them as right-of-use assets or lease liabilities, but recognizes relevant lease payments associated with these leases as expenses on a straight-line basis over the lease term.

2. Lessor

For transactions with the Group as the lessor, the lease contracts are classified on the lease establishment date depending on whether nearly all of the risks and remunerations associated with the underlying asset ownership are transferred. If true, it is classified as financial lease; if false, it is classified as operating lease. During evaluation, the Group considers relevant specific indicators including whether the lease period covers the key components of the underlying asset economic lifetime.

If the Group is a sub-lessor, the primary lease and sub-lease transactions are dealt with separately, and the right-of-use assets generated from the primary lease are used to evaluate the classification of the sub-lease transactions. If the primary lease refers to a short-term lease and is exempted for recognition, then the sub-lease transaction shall be classified as operating lease.

If the agreement includes lease and non-lease components, the Group uses the consideration for an amortization contract specified in IFRS 15.

For operating lease, the Group adopts the straight-line basis to recognize the lease payment collected during the lease period as the rental income.

(XIII) Intangible Assets

1. Recognition and measurement

Research and development activity related expenses are recognized in profit or loss when such expenses are incurred.

A development expense is capitalized only when it can be measured reliably, product or process technology or commercial feasibility has been reached, future economic benefit is likely to flow into the Group, and the Group has the intention and sufficient resources to complete such development and has further used or sold the asset. Other development expenses are recognized in profit or loss when such expenses are incurred. After the initial recognition, the capitalized development expense is measured based on the amount obtained from the cost less the accumulated amortization and cumulative impairment.

Other intangible assets with limited useful life acquired by the Group, including computer software and other intangible assets, etc., are measured by the cost less the cumulative amortization and cumulative impairment.

2. Subsequent expenditures

Subsequent expenditure is only capitalized when future economic benefits can be added to relevant specific assets. All other expenses are recognized in profit or loss when such expenses are incurred, including internally developed goodwill and brands.

3. Amortization

Amortization is calculated according to the asset cost less the estimated residual value, and starting from the available-for-use state of the intangible asset, the straight-line approach is used to recognize it in profit or loss for its estimated useful life.

The estimated useful lives for current and comparative years are as follows:

(1) The useful life of computer software is 1 to 3 years

(2) The useful life of other intangible assets is 3 years

Amortization methods, useful lives and residual values of the intangible assets are reviewed by the Group at each reporting date, and are adjusted appropriately when it is determined necessary.

(XIV) Impairment of Non-financial Assets

The Group assesses whether there is any indication that there might be an impairment in the carrying amount of non-financial assets (excluding inventory, deferred income tax assets and investment property measured at fair value) on each reporting day. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

For the purpose of testing the impairment, a group of assets of most of the cash inflow that is independent from the cash inflow of other individual assets or asset groups is used as the smallest identifiable asset group. The goodwill obtained from the merger of enterprises is amortized to each cash generating unit or cash generating unit group that is expected to gain benefits from the synergy of the merger.

The recoverable amount for an individual asset or a cash generating unit is the higher of its fair value less costs of disposal or its value in use. During the assessment of the use value, the future cash flow estimation uses a pre-tax discount rate for calculating the current value, and the discount rate shall reflect the current market assessment on the currency time value and the unit specific risk arising from the asset or cash.

If the recoverable amount of an asset is less than its carrying amount, it is recognized as an impairment loss.

An impairment loss shall be recognized immediately in profit or loss, and the carrying amount of each of the assets is reduced proportionally to the carrying amount of other assets in the unit.

Non-financial assets are reversed only in the range not exceeding the carrying amount (less depreciation or amortization) of the asset that has not been determined during the recognition of the impairment loss in the previous year.

(XV) Provision for Liabilities

Provisions for liabilities are recognized when the Group has an obligation as a result of past events, and the Group is likely to be subject to an outflow of economic resources that will be required to settle the obligation and the amount of the obligation can be reliably estimated. The provision for liabilities is discounted at the pre-tax discount rate for evaluating particular risks of liabilities which reflects the time value of money on the market. The discounted amortization is recognized as interest expense.

1. Restoration

According to applicable contracts, when the Group bears the obligation to disassemble, remove or restore the site location for parts of the property, plant and equipment, the present value of cost expected to be incurred due to the disassembly, removal or restoration of the site location is recognized as provision for liabilities.

2. Goods return and allowance

Possible goods return and allowance are estimated according to the empirical value, and they are recognized as the deduction of the sales revenue at the year when the goods are sold. For current obligations arising from past events, the amount and time of occurrence are uncertain; therefore, it is classified as provision for liabilities.

(XVI) Recognition of Revenue

1. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for rendering services to its customers. Revenue is recognized in the reporting period when the Group satisfies a performance obligation by transferring its control of the product or service to the customer. The main revenue items of the Group are explained as follows:

(1) Product selling

The Group manufactures panel display screen materials and glass products, and also sells such products. The Group recognizes revenue when the control of products is transferred. Product control transfer refers to when the product has been delivered to the customer, and the customer has the full discretion on the sales channel and price of the product, and the unfulfilled obligations of the customer for accepting the product have not been affected. Delivery refers to a product being transferred to a specific location, and its obsolete and loss risks have been transferred to the customer, and the customer has accepted the product according to the sales contract, the acceptance clauses have become invalid, or the Group has objective evidence to consider that all acceptance criteria have been satisfied.

The Group recognizes the accounts receivable upon the delivery of goods since the Group has the right to collect consideration unconditionally at such time point.

2. Financial components

The Group expects that the time period between the time in the customer contract of transferring products or services to the customer and the time when the customer makes payment for such products or services is less than one year; therefore, the Group has not adjusted the currency time value of the transaction price.

(XVII) Employee benefits

1. Defined contribution plan

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the period during which services are rendered by employees.

2. Short-term employee benefits

Obligations for short-term employee benefits are recognized as expenses in the period when services are provided. When the Group is required to bear current statutory or presumed payment obligation due to the service previously provided by an employee, and when such obligation can be estimated reliably, such amount is recognized as liabilities.

3. Separation benefits

Separation benefits refer to when the Group cannot cancel the offer of such benefits or recognizes relevant restructuring costs, and whichever occurs first is recognized as expense. When the separation benefits are not expected to be fully repaid within 12 months after the report date, they are discounted.

(XVIII) Share-based payment transactions

Equity-settled share-based payment agreements are recognized as expenses based on the fair value of the provision date and within the receipt period of such compensation, and the relative equity is increased. The expense recognized is adjusted based on the expected compensation amount satisfying the service conditions and the non-market vesting conditions. In addition, the amount finally recognized uses the compensation amount complying with the service conditions and the non-market vesting conditions on the vesting date as the basis for measurement.

The non-vesting conditions of share-based compensation have been reflected in the measurement of the share-based payments and payment date fair value, and it is not required to make verified adjustments for the difference between the expected result and actual result.

The fair value amount of cash-settled share appreciation rights offered to employees is recognized as expense and the relative liabilities are increased during the period when the employees satisfy the condition for obtaining the compensation. The liabilities are remeasured according to the fair value of the share appreciation rights on each report date and settlement date, and any change thereof is recognized in profit or loss.

The payment date for the share-based payments of the Group refers to the subscription price approved by the board of directors and the date when employees are permitted to subscribe the shares.

(XIX) Income taxes

Income tax includes both current tax and deferred tax. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payable or receivable on the taxable income (or loss) for the year and any adjustment to tax payable or receivable in respect of previous years. The amount is measured according to the statutory rate or the substantive legislative rate on the reporting date in order to present the most optimal estimation value of the expected payment or receipt amount.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Temporary differences resulting from the following circumstances shall not be recognized as deferred taxes:

1. Assets or liabilities originally recognized for the transactions which don’t belong to business combinations, which don’t affect accounting profits, taxable income (loss) at the time of transaction;

2. The temporary differences incurred by the equity from investing in subsidiaries, affiliates and joint ventures, of which the consolidated company is able to control the time points for reversing the differences and which would probably not be reversed in the foreseeable future; and
3. Taxable temporary differences incurred by original goodwill recognition.

A deferred tax asset shall be recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extend that it is possible that future taxable profit will be available against which it can be utilized. In addition, such deferred tax assets shall also be reviewed at each reporting date, and are reduced to the extend that it is no longer probable that the related tax benefit will be realized; or the originally reduced amount is reversed within the scope that it is likely to become sufficient taxable income.

Deferred tax shall be measured at the tax rates that are expected to apply to the period when expected temporary difference is reversed, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax assets and liabilities of the Group are only offset against each other when the following criteria are met:

1. The current period's income tax assets and income tax liabilities are offset against each other with legally enforceable rights; and
2. The deferred income tax assets and liabilities are related to one of the taxpayers upon whom the income taxes are levied by a tax authority:
   (1) The same taxpayer; or
   (2) Different taxpayers, provided that the taxpayers intend to liquidate the current period's income tax liabilities and assets on a net basis in every future period when a significant amount of such deferred income taxes and liabilities are expected to be recovered and liquidated, or realize assets and discharge liabilities together.

(XX) Earnings per share

The Group discloses the Group's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of the basic earnings per share of the Group is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding. The calculation of the diluted earnings per share is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after the adjustment of the effects of all dilutive potential ordinary shares.

Potential diluted common shares of the Group include convertible corporate bonds and employee stock options.

(XXI) Information of segments

As parts of the consolidated company, the operating segments embark on business activities which create revenues and incur expenses (including revenues and expenses related to the transactions with other components of the consolidated company). The operating results of all operating segments are reviewed by the main operation decision maker of the Group in order to make decision on the allocation of resource for the segments and to evaluate their performance. Each operating segment is equipped with independent financial information.

V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

When the management performs the preparation of these consolidated financial statements, the management is required to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. Any changes in accounting estimates during the period and the impact in the next period are recognized.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

The following assumptions and uncertainties have major risks that may lead to material adjustments in assets and liability carrying amounts in the next fiscal year, and also reflect the impact caused by the COVID-19 pandemic, and relevant information is as follows:

(I) Loss allowance for accounts receivable

The loss allowance for accounts receivable of the Group is estimated based on the assumption of the risk of breach and the expected loss rate. The Group considers the historical experience, current market condition and prospective estimation on each reporting date in order to determine the assumption required to be adopted and selection of inputs during the calculation of impairment loss. Changes in the economic and industrial environment may cause material adjustment in the loss allowance for accounts receivable. Please refer to Note 6(2) for detailed explanation on relevant assumption and inputs.

(II) Investment property fair value

The subsequent measurement of investment property of the Group adopts the discounted cash flow analysis method under the income approach for valuation. The input used in the fair value valuation technique is Level 3.

Valuation process

The accounting policies and disclosures of the Group include the use of fair value to measure its financial, non-financial assets and liabilities. The Group establishes a relevant internal control system for the fair value measurement, and the Financial Department is responsible for verifying all material fair value measurements (including Level 3 fair value) and periodically verifies the material inputs and adjustment that cannot be observed. If the inputs used in the measurement of fair value use external third party information, the Financial Department evaluates the evidence that supports the inputs provided by the third party in order to determine that the valuation and its fair value level classification comply with the requirements of the IFRSs. For the property of the Group, it is assumed that the Group has retained an external appraiser to perform appraisal according to the valuation method and parameters announced by the FSC.

When the Group measures its assets and liabilities, it uses the observable inputs in the market as much as possible. The levels of fair value are classified in the following different levels according to the inputs used in the valuation technique:

- Level 1: Public quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Input parameters other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Input parameters of assets or liabilities not based on the observable market information (non-observable parameters).

In case of any transfer event or condition of fair value among levels, the Group recognizes such transfer at the report date.

Please refer to Note 6(6) Investment Property for relevant information on the assumption used for measurement of fair value.

VI. Description of Significant Accounts

(I) Cash and cash equivalents

		December 20, 2022	December 31, 2021
Cash on hand and petty cash	$	731	678
Demand deposits		407,809	383,754
Checking accounts		40	51
Time deposits		273,695	237,200
Cash and cash equivalent indicated in the statements of cash flow	$	682,275	621,683

The Group's exposure to interest rate risk and the sensitivity analysis on the financial assets and liabilities of the Group are disclosed in Note 6(20).

(II) Notes and accounts receivable (including related parties)

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	December 20, 2022	December 31, 2021
Notes receivable	$ 6,547	74,044
Accounts receivable	581,561	692,683
Accounts receivable - related parties	130,468	123,124
Less: Allowance for loss	(255,381)	(230,360)
	$ 463,195	659,491

The Group applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all notes and account receivables. To measure the expected credit losses, the notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including overall economic and relevant industry information. The expected credit loss analysis for notes and accounts receivables of the Group is as follows:

	December 20, 2022		
	Carrying amounts of notes receivable and accounts receivable	Weighted average expected credit loss rate	Estimated credit loss during existence of allowances
Not overdue	$ 434,571	0%~0.9%	3,078
Overdue for less than 90 days	14,962	0.9%~21.9%	3,101
Overdue for more than 91 days	269,043	21.9%~100%	249,202
	$ 718,576		255,381

	December 31, 2021		
	Carrying amounts of notes receivable and accounts receivable	Weighted average expected credit loss rate	Estimated credit loss during existence of allowances
Not overdue	$ 611,419	0%~1%	4,166
Overdue for less than 90 days	50,719	1%~15%	6,832
Overdue for more than 91 days	227,713	1%~100%	219,362
	$ 889,851		230,360

The movement in the allowance for impairment with respect to notes and accounts receivable of the Group is as follows:

	2022	2021
Opening balance	$ 230,360	235,703
Current period's provision	24,247	-
Impairment loss reversed	-	(4,943)
Foreign currency translation gains or losses	774	(400)
Balance at end of the period	$ 255,381	230,360

1. The accounts receivable overdue for more than 90 days are mainly from important customers, which purchase optical adhesives from the consolidated company and sell them to large-scale manufacturers which produce various liquid crystal displays in Shenzhen, China. Because of COVID-19, the operations on the upstream and downstream parts of the supply chain have been impacted. As a consequence, the payments for goods have been

temporarily suspended. For the purpose of protecting its own rights and interests, the consolidated company has filed civil lawsuits with Xiamen Intermediate People's Court, China, and appropriated allowance for losses.

2. As of December 31, 2021 and 2022, the Company didn't offer any pledge or guarantee for the notes receivable or the accounts receivable.

(III) Inventories

	December 20, 2022	December 31, 2021
Raw materials and supplies	$ 75,872	127,589
Work in progress	38,665	16,072
Finished goods	72,722	67,869
Merchandise inventory	2	3
	$ 187,261	211,533

1. Details of the inventory-related losses recognized by the consolidated company in 2021 and 2022 are as follows:

	2022	2021
Inventory sale recognition	$ 2,560,413	2,574,245
(Reversal of) write-down of inventories	(8,101)	2,521
	$ 2,552,312	2,576,766

2. As of December 31, 2021 and 2022, the consolidated company didn't offer any pledge or guarantee for the inventories.

(IV) Investment Accounted for Using Equity Method

The investments of the Group accounted for using the equity method at the report date are as follows:

	December 20, 2022	December 31, 2021
Associates	$ 51,990	47,814

1. Associates

For associates of the Group using the equity method that are not material, the summary financial information is as follows, and the financial information refers to the amount included in the consolidated financial statements of the Group:

	December 20, 2022	December 31, 2021
The summary carrying amount at the end of the period for equity of individual non-material associates	$ 211,809	194,727

	2022	2021
Amount attributable to the Group:		
Net profits of businesses maintaining operations on a going concern basis	$ 392	1,351
Other comprehensive income	(1,422)	340
Total comprehensive income	$ (1,030)	1,691

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2. Guarantee

As of December 31, 2021 and 2022, the consolidated company didn't offer any pledge or guarantee for the investments made by equity method.

(V) Property, Plant and Equipment

Detailed changes in the costs, depreciation and impairment losses of the consolidated company's property, plant and equipment in 2021 and 2022 are as follows:

	Land	Houses and buildings	Machinery and equipment	Other equipment	Leasehold improvement	Uncompleted projects and equipment to be inspected	Total
Cost or deemed cost:							
Balance on January 1, 2022	$ 319,648	1,417,138	1,914,687	207,403	422,924	20,540	4,302,340
Additions	-	294	30,385	2,348	-	36,112	69,139
Disposals and retirements	-	(19,404)	(1,122,767)	(167,380)	(406,406)	-	(1,715,957)
Reclassifications	-	126	128,864	8,396	-	(1,481)	135,905
Impacts of exchange rate fluctuation	-	-	-	458	-	-	458
Balance on December 31, 2022	$ 319,648	1,398,154	951,169	51,225	16,518	55,171	2,791,885
Balance on January 1, 2021	$ 319,648	1,413,474	1,948,610	240,305	421,524	7,107	4,350,668
Additions	-	1,984	1,346	1,786	1,400	20,860	27,376
Disposals and retirements	-	-	(39,803)	(39,895)	-	-	(79,698)
Reclassifications	-	1,680	4,534	5,407	-	(7,399)	4,222
Impacts of exchange rate fluctuation	-	-	-	(200)	-	(28)	(228)
Balance on December 31, 2021	$ 319,648	1,417,138	1,914,687	207,403	422,924	20,540	4,302,340
Depreciation and impairment loss:							
Balance on January 1, 2022	$ -	630,470	1,866,631	199,424	377,195	-	3,073,720
Depreciation	-	71,322	48,882	2,386	22,050	-	144,640
Disposals and retirements	-	(19,404)	(1,122,767)	(164,285)	(382,727)	-	(1,689,183)
Impacts of exchange rate fluctuation	-	-	-	405	-	-	405
Balance on December 31, 2022	$ -	682,388	792,746	37,930	16,518	-	1,529,582
Balance on January 1, 2021	$ -	557,843	1,867,723	208,561	344,681	-	2,978,808
Depreciation	-	72,627	38,711	10,541	32,514	-	154,393
Disposals and retirements	-	-	(39,803)	(39,895)	-	-	(79,698)
Impairment loss	-	-	-	20,215	-	-	20,215
Impacts of exchange rate fluctuation	-	-	-	2	-	-	2
Balance on December 31, 2021	$ -	630,470	1,866,631	199,424	377,195	-	3,073,720
Carrying value:							
December 31, 2022	$ 319,648	715,766	158,423	13,295	-	55,171	1,262,303

January 1, 2021	$	319,648	855,631	80,887	31,744	76,843	7,107	1,371,860
December 31, 2021	$	319,648	786,668	48,056	7,979	45,729	20,540	1,228,620

As of December 31, 2021 and 2022, pledge and guarantee had been offered to certain financial institutions. For details, please refer to Note 8.

(VI) Investment Property

Investment properties refer to assets owned by the Group, and for the lease of investment properties, the original non-cancellable period is 10 years. For investment properties already leased out, the rental incomes are fixed amounts.

Statement of changes in investment property of the Group is as follows:

		Proprietary assets		
		Land	Houses and buildings	Total
Cost or deemed cost:				
Balance on January 1, 2022	$	375,972	762,090	1,138,062
Net (loss) gain arising from fair value adjustments		43,396	(35,467)	7,929
Balance on December 31, 2022	$	**419,368**	**726,623**	**1,145,991**
Balance on January 1, 2021	$	293,165	821,903	1,115,068
Net (loss) gain arising from fair value adjustments		82,807	(59,813)	22,994
Balance on December 31, 2021	$	**375,972**	**762,090**	**1,138,062**

The inputs used in the fair value valuation technique for the subsequent measurement of investment property of the Company belongs to Level 3. Please refer to the aforementioned statement of change for details of the adjustment of carrying amounts at the beginning and end of the period for Level 3.

For the subsequent measurement of investment property of the Group adopting the discounted cash flow analysis method under income approach for valuation, relevant important contract terms and valuation information is as follows:

1. December 31, 2022

Subject property	Land and buildings of three factories in
Important contract terms	1. Rent: NT$ 5,867 thousand/month 2. Lease term: 136 months 3. Total taxes annually borne by the lessor in the future: NT$ 2,422 thousand
Local rent status	NT$ 130~NT$ 160/m2/month
Rent status of similar property	NT$ 140/m2/month
Current condition	Normal use
Past income amount	NT$ 140/m2/month
Income capitalization rate	4.543%
Discount rate	3.895%
Outsourced or own appraisal	Outsourced appraisal
Appraisal firm	Hua Shin Appraisers Firm
Name of appraiser	Chen-Hsu Chiang, Chih-Ming Cheng
Date of appraisal	September 30, 2022
Outsourced appraisal fair value	NT$ 1,145,991 thousand

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2. December 31, 2021

Subject property	**Land and buildings of three factories in**
Important contract terms	1. Rent: NT$ 5,867 thousand/month 2. Lease term: 136 months 3. Total taxes annually borne by the lessor in the future: NT$ 7,421 thousand
Local rent status	NT$ 130~NT$ 160/m2/month
Rent status of similar property	NT$ 140/m2/month
Current condition	Normal use
Past income amount	NT$ 140/m2/month
Income capitalization rate	4.503%
Discount rate	3.60%
Outsourced or own appraisal	Outsourced appraisal
Appraisal firm	Hua Shin Appraisers Firm
Name of appraiser	Chen-Hsu Chiang, Chih-Ming Cheng
Date of appraisal	2021/9/30
Outsourced appraisal fair value	NT$ 1,138,062 thousand

According to Article 34 of the Technical Rules for Real Estate Valuation, the valuation procedures of the equity method include calculating effective gross income, total expenses, net profit, discount rate and earnings price. The estimation of the aforementioned parameters refers to relevant data of the subject property for appraisal and comparable property with identical or similar characteristics in the most recent three years. Adjustment is made through comprehensive determination of the continuity, stability and growth status in order to confirm the availability and reasonableness of the data. The change status of the income (cash inflow) and expense (cash outflow) of each period is determined based on the past income and expense (cash flow) of the subject property, comparable property income and expense (cash flow) in the same industry or substituting comparable property, idle or loss ratio and present or possible planned income and expense in the future. The objective net income after the deduction of total expense from the total revenue is based on the objective net income of the subject property under the most effective use, and the incomes of similar properties in the neighborhood under the most effective use conditions are used as a reference for the estimation.

The determination of the discount rate adopts the risk premium method, and it considers the factors of the time deposit interest rate of the bank, government bond interest rate, risk of property investment, currency change status and change trend of property price, etc., in order to determine the likely rate of return on the most common investment, thereby adjusting the differences of individual characteristics between the investment and the subject property. The discount rate was determined as the dynamic interest rate of small-sum two-year postal demand deposits announced by Chunghwa Post Co., Ltd. plus

0.75%, namely 2.095%, which was adopted as the benchmark interest rate. In addition, revenue, liquidity, risk, appreciation, management difficulty and other factors of the subject property were taken into account. As of December 31, 2022 and 2021, risk premiums were accrued at 1.8% and 2.0% respectively. Thus, the discount rate of the subject property as at December 31, 2022 and 2021 was determined as 3.895% and 3.6% respectively. For estimation of revenue capitalization, after dividing the net profit of the subject property for comparison by the price, the revenue capitalization rate as of December 31, 2022 and 2021 was calculated as 4.543% and 4.503% respectively by weighted average.

The aforementioned fair value valuation technique and material unobservable inputs are explained in the following table:

Fair value valuation technique	Material unobservable inputs	Relationships between material unobservable inputs and fair value measurements
Perform discounted cash flow analysis under income approach for evaluation based on the contract rent provided by the consolidated company during the lease term, and after the lease term expires, the evaluation is performed based on the market rent. Discounted cash flow analysis under income approach: This refers to the net income and value at the end of the period during the future discounted cash flow of the subject property analysis period, and after discount at appropriate discount rate the sum of the estimated subject property values are added. Such method is applicable to the property investment evaluation for the purpose of investment.	• Discount rate after risk adjustment (3.895% and 3.6% respectively as at December 31, 2022 and December 31, 2021).	The estimated fair value will be increased (or decreased) if: • After adjustment, the discount rate will decline (increase).

Investment property refers to facilities leased out to others, and the lease contract includes the original non-cancellable lease period, and the subsequent lease period is negotiated with the lessee, and rent is either collected or not yet collected. Please refer to Note 6(11) for relevant information.

As of December 31, 2022 and 2021, the consolidated company didn't offer any pledge or guarantee for the investment property. For details, please refer to Note 8.

(VII) Other financial assets (including non-current)

	December 20, 2022	December 31, 2021
Time deposits-general	$ 50,000	-

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Time deposits-pledged	2,557	64,830
Restricted demand deposit	342,500	203,000
Accrued rent receivable	4,365	3,045
Income tax refund receivable	3,632	4,586
Refundable deposits - non-current	4,847	4,915
Others	147	421
	$ 408,048	280,797

For details of other circumstances under which other financial assets are used as pledge or guarantee, please refer to Note 8.

(VIII) Short-term Borrowings

Statement of short-term borrowings of the Group is as follows:

	December 20, 2022	December 31, 2021
Letter of credit loan	$ 3,792	11,497
Unsecured bank loans	60,000	140,000
Secured bank loans	330,000	382,864
Total	$ 393,792	534,361
Unused amount	$ 236,208	95,639
Interest rate interval	2.22%~2.54%	1.0499%~1.825%

1. For details of some assets pledged and mortgaged by the consolidated company as guarantee for short-term loans from banks, please refer to Note 8.
2. For details about the consolidated company's exposure to the interest rate and liquidity risks, please refer to Note 6 (20).

(IX) Long-term Borrowings

Statement, criteria and terms of long-term borrowings of the Group are as follows:

	December 20, 2022			
	Currency type	Interest rate interval	Maturity year	Amount
Unsecured bank loans	NTD	1.97%~2.05%	2025~2026	$ 195,825
Secured bank loans	NTD	1.345%~2.42%	2023~2028	1,247,015
				1,442,840
Less: Portion with maturity due in one year				(214,684)

Total	$ 1,228,156
Unused amount	$ -

	December 31, 2021				
	Currency type	Interest rate interval	Maturity year		Amount
Secured bank loans	NTD	1.48%	115	$	38,000
Secured non-financial loans	NTD	0.72%~2.405%	2022~2028		1,301,230
					1,339,230
Less: Portion with maturity due in one year					(273,781)
Total				$	1,065,449
Unused amount				$	-

1. For details of some assets pledged and mortgaged by the consolidated company as guarantee for short-term loans from banks, please refer to Note 8.
2. For details about the consolidated company’s exposure to the interest rate and liquidity risks, please refer to Note 6 (20).

(X) Bonds Payable

Information on the Group's issuance of secured convertible bonds is as follows.

		December 20, 2022	December 31, 2021
Total amount of issued convertible bonds	$	500,000	500,000
Unamortized amount of discount on bonds payable		(7,203)	(12,952)
Ending balance of bonds payable	$	492,797	487,048
Embedded derivatives - right to redeem convertible corporate bonds (present the financial assets measured at fair value through profit or loss)	$	-	1,250
Equity component-conversion right (accounted as capital reserve - stock option)	$	12,724	12,724

		2022	2021
Embedded derivatives - right of redemption based on the losses remeasured at fair value (accounted as other profit or loss)	$	(1,250)	(1,000)
Interest expense	$	5,749	4,344

On March 26, 2021, the consolidated company issued 5,000 three-year secured convertible corporate bonds with a coupon rate of 0% and carrying value of NT$ 100 thousand at an effective interest rate of 1.33%.

At the time of issuance, the conversion price was determined as NT$ 35.86 per share. Where the consolidated company issued ordinary shares in compliance with the issuance clauses on adjustment of conversion price, the conversion price shall be adjusted as per the formula specified under the issuance clauses. No terms are re-established for these bonds.

In May 2022, the consolidated company handled formalities for capital increase in cash. According to Article 11 of the Rules Governing Domestic Third Issuance and Conversion of Secured Convertible Corporate Bonds, the conversion price shall be adjusted. From May 23, 2022, the conversion price was adjusted from NT$ 35.86 to NT$ 35.57.

From the following day of the end of three months after the issuance of the convertible corporate bonds (June 27, 2021) to 40 days before the expiry of the issuance period (February 25, 2024), if the closing price of the consolidated company's ordinary shares at the securities dealer's premise is 30% (including the figure) higher than the prevailing conversion price for thirty consecutive business days, or the outstanding balance of the convertible corporate bonds is 10% lower than the total original issue price, such convertible corporate bonds shall be redeemed from the holders in cash based on their carrying value.

The convertible bonds are repayable in cash at par value upon maturity.

(XI) Operating Leases

For the lease on the investment property and a portion of the facilities of the Group, since nearly all of the risks and remunerations associated with the ownership of the underlying asset are not transferred, the lease contracts are classified as operating lease. Please refer to Note 6(6) Investment Property for details.

The due lease payment is analyzed based on the undiscounted lease payment total amount that will be collected after the report date, as described in the following table:

	December 20, 2022	December 31, 2021
Less than one year	$ 72,762	72,762
One to two years	72,762	72,762
Two to three years	72,762	72,762
Three to four years	72,762	72,762
Four to five years	72,762	72,762
More than five years	274,863	347,625
Undiscounted lease payment total amount	$ 638,673	711,435

The rental income from the investment property amounted to NT$ 72,762 in both 2022 and 2021.

(XII) Employee Benefits

1. Defined contribution plan

According to the defined contribution plan of the consolidated company, 6.00% and 19.00% shall be appropriated from the labor workers' monthly salaries to their individual pension accounts as specified by the Rules on Labor Workers' Pensions, Chinese basic endowment insurance laws and regulations. Under this defined contribution plan, the Group contributes a fixed amount to the Bureau of the Labor Insurance and the Social Insurance Bureau without additional legal or constructive obligations.

The pension expense confirmed and appropriated by the Group according to the pension regulations and the retirement premium recognized under each subsidiary of the consolidated financial statements are as follows:

		2022	2021
Operating costs	$	11,812	10,236
Selling and marketing expenses		854	846
Administrative expenses		2,610	2,440
Research and development expenses		1,155	1,021
	$	16,431	14,543

2. Liabilities of short-term paid leave

		December 20, 2022	December 31, 2021
Short-term leave with pay liabilities	$	9,409	9,348

(XIII) Income Tax

1. Details of the income tax expenses recognized by the consolidated company in 2022 and 2021 are as follows:

		2022	2021
Current tax expenses			
Adjustment of current income tax for the previous period	$	-	(13)

2. The relationships between the consolidated company's income tax expenses and the net pre-tax losses are adjusted as follows:

		2022	2021
Loss before tax	$	(315,593)	(120,808)
Income tax calculated according to the domestic tax rate of the country of the Company		(63,119)	(24,161)
Effect of foreign jurisdiction tax rate differences		(423)	(1,269)
Change of unrecognized deductible temporary differences		63,542	25,430
Overestimation in the previous period		-	(13)
	$	-	(13)

3. Income tax expenses

(1) Unrecognized deferred income tax assets

The items not recognized as deferred tax assets by the Group are as follows:

	December 20, 2022		December 31, 2021
Deductible temporary differences	$	47,762	52,655
Tax loss		1,229,312	1,142,203
	$	**1,277,074**	**1,194,858**

Regarding tax losses, according to the provisions of the Income Tax Act specifying that losses of the past ten years approved by the taxation authority may be deducted from the net profit of the current year, followed by the payment of the income tax. The reason for not recognizing such items as deferred income tax assets is because the Company is not very likely to have sufficient taxable income in the future for deductible temporary difference use.

As of December 31, 2022, the consolidated company had not recognized taxable losses of deferred income tax assets, of which the deduction periods are as follows:

Year with loss	Non-deducted loss		Final year for deduction
Approved value for 2013	$	209,457	2023
Approved value for 2014		910,923	2024
Approved value for 2015		1,073,944	2025
Approved value for 2016		457,378	2026
Approved value for 2017		1,862,692	2027
Approved value for 2018		337,430	2028
Approved value for 2019		346,172	2029
Approved value for 2020		277,181	2030
Declared value for 2021		252,688	2031
Estimated value for 2022		418,693	2032
	$	**6,146,558**	

(2) Recognized deferred income tax assets and liabilities

Changes in the deferred income tax assets and liabilities in 2022 and 2021 are as follows:

Deferred tax assets:

	Loss deduction	
January 1, 2022	$	4,643
Recognized in income statement		395
December 31, 2022	**$**	**5,038**
January 1, 2021	$	-

Recognized in income statement		4,643
December 31, 2021	$	4,643

Deferred income tax liabilities:

		Investment property
January 1, 2022	$	53,451
Recognized as profit or loss		394
December 31, 2022	$	53,845
January 1, 2021	$	48,808
Recognized in other comprehensive income		4,643
December 31, 2021	$	53,451

4. The Company's settlement and declaration of the business income taxes had been approved by the taxation authority as of 2020.

(XIV) Capital and Other Equity

1. Ordinary shares

As at December 31, 2022 and 2021, the Company's authorized share capital amounted to NT$ 5,000,000 thousand with par value of NT$ 10 per share, and 500,000 shares in each year. All shares concerned in the foregoing authorized share capital were ordinary shares. In 2022 and 2021, 224,186 thousand and 206,394 thousand shares were issued respectively. All proceeds from shares issued have been collected.

As resolved by the Board of Directors on December 20, 2021, the Company issued new shares for capital increase and intended to issue 17,000 thousand shares with par value of NT$ 10 per share. The aforementioned proposal for capital increase in cash was approved upon declaration and took effect on January 26, 2022. As decided by the chairman as authorized by the Board of Directors through resolution, the issue price per share was NT$ 20, and the total issue price amounted to NT$ 340,000 thousand. In addition, on April 18, 2022, the placement period was extended for three months as approved by the FSC to July 25, 2022. On May 23, 2022, the share payments were fully collected, and this date was determined as the base date for capital increase. On June 6, 2022, the legal registration procedures were completed.

From January 1, 2022 to December 31, 2022, the employees of the Company subscribed to 7,920 shares. On January 16, 2023, the change registration was completed.

2. Capital surplus

The capital surplus balance content of the Company is as follows:

	December 20,	December 31,

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	2022	2021
Premium of issued shares	$ 173,176	-
Share-based payments	10,878	6,224
Convertible corporate bonds	12,724	12,724
	$ 196,778	**18,948**

In accordance with the Company Act, after having first offset losses using capital surplus, the realized capital surplus can be used to issue new shares or cash dividends according to the original percentage of shares of shareholders. The aforementioned realized capital surplus includes share premiums from the outstanding shares issued at a price above the par value and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to increase share capital shall not exceed 10% of the paid-in capital amount.

On July 15, 2021, the Company's 2020 loss recovery plan was resolved at the general shareholders' meeting, and the losses were recovered with capital surplus of NT$ 15,958 thousand. Related information is available from channels like MOPS.

3. Retained earnings

The Company shall distribute its earnings or appropriate an amount for loss recovery at the end of half of a fiscal year. If there is still surplus in the final accounts for half of a fiscal year, an amount shall first be appropriated for paying taxes, recovering accumulated losses and paying the estimated remuneration to the retained employees. Subsequently, 10% shall be appropriated as statutory surplus reserve, but this shall not apply if the statutory surplus reserve has been up to the total capital of the Company. In addition, the special surplus reserves shall be appropriated or reversed according to laws, regulations or rules of competent authorities. If there is still surplus, the shareholder dividends shall be determined as the sum of the surplus and the accumulated undistributed earnings for the first half of the fiscal year. The distribution proposal shall be drafted by the Board of Directors, and to issue new shares for distribution, a request shall be made to the shareholders' meeting for resolving the distribution. The distribution in cash shall be resolved by the Board of Directors.

If there is a surplus in the Company's annual final accounts, the Company shall first pay off the taxes, make up for the accumulated losses and allocate 10% as statutory surplus reserve. However, this provision shall not apply if the statutory surplus reserve has reached the total capital of the Company. In addition, the special surplus reserves shall be appropriated or reversed according to laws, regulations or rules of competent authorities. If there is still surplus, the shareholder dividends shall be determined as the sum of the surplus and the accumulated undistributed earnings for the first half of the fiscal year. The distribution proposal shall be drafted by the Board of Directors, and to issue new shares for distribution, a request shall be made to the shareholders' meeting for resolving the distribution.

To distribute dividends and bonuses or statutory surplus reserve and capital reserve in cash in whole or in part, the Board of Directors may be authorized to hold a meeting with the presence of more than two thirds of directors. Such distribution may be performed only if approved by over half of the directors present at the meeting, and reported to the shareholders' meeting.

At present, the Company is in a phase of growth. In the future, it will expand for business development. For earning distribution, it shall consider its future budget for capital expenditures and capital requirements. However, the dividends distributed to the shareholders shall not be lower than 20% of the period's earnings after tax or the period's distributable earnings whichever are lower. Among the dividends distributed in the current year, the cash dividends shall not be below 50%.

(1) Statutory surplus reserve

When a company incurs no loss, it may, pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares or cash; however, it shall be limited to the portion of legal reserve exceeding 25% of the issued share capital.

(2) Surplus distribution

On June 24, 2022 and July 15, 2021, the Company's 2021 and 2020 loss recovery plans were resolved at the general shareholders' meetings. Related information is available from channels like MOPS.

As of June 30, 2022 and 2021, aggregate losses were accrued, so earnings were not intended to be distributed in the first half of 2022 and 2011.

4. Other equity (net profit after tax)

		Difference in exchange from the conversion of financial statements of overseas operating entities	**Revalued amount of property**	**Total**
Balance on January 1, 2022	$	161,818	312,687	474,505
Exchange differences arising form the translation of net assets of foreign operations		6,965	-	6,965
Share of translation difference of associates accounted		(1,422)	-	(1,422)

for using the equity method				
Balance on December 31, 2022	**$**	**167,361**	**312,687**	**480,048**
Balance on January 1, 2021	$	163,752	312,687	476,439
Exchange differences arising form the translation of net assets of foreign operations		(2,274)	-	(2,274)
Share of translation difference of associates accounted for using the equity method		340	-	340
Balance on December 31, 2021	**$**	**161,818**	**312,687**	**474,505**

(XV) Share-based Payments

1. As of December 31, 2022 and 2021, the Company had accounted the following share-based payment transactions:

Type	**Equity transactions** **Employee stock option**
Grant date	2020-09-17
Grant quantity (thousand/unit)	3,000
Contract period	4 years
Vesting conditions	Immediate vesting
Actual turnover rate of current period	0%
Estimated turnover rate for the future	0%

On August 21, 2020, the Company issued employee stock options as resolved by the Board of Directors, and a total of 3,000 thousand ordinary shares. The closing price of the Company's ordinary shares on the issue date was determined as the subscription price. The employee stock options were issued within one year after the competent authority's notice regarding declaration effectiveness expired, once or twice dependent upon the actual needs. The aforementioned issued employee stock options took effect on September 16, 2020 after declaration to the Securities and Futures Bureau, Financial Supervisory Commission. On September 17, 2020, all the employee stock options were issued as resolved by the Board of Directors at fair value of NT$ 10.4 on the grant date.

On May 23, 2022, capital was increased, and the fair value was adjusted as NT$ 10.3.

Except that subscribers shall comply with the transfer suspension period of two years after the grant of employee stock options according to the law, the accumulated exercisable subscription rights ratio is as follows:

Stock warrants grant period	**2020**
Matured for two years	60%
Matured for three years	100%

2. Parameters for fair value measurement on the grant date

The Company estimated the fair value of the share-based payments on the grant date with Black-Scholes option evaluation mode. The inputs of this mode are as follows:

	2020
Dividend rate (Note)	-%
Expected volatility (%)	45.77%
Expected life of stock options (years)	4 years
Risk-free interest rate (%)	0.2916%

Note: According to the Company's 2020 measures for issuing employee stock options, the subscription price was adjusted to the same extent with the distributed dividends (anti-dilution price adjustment), so it was not taken into account in calculation.

3. Details of the aforementioned employee stock options are as follows:

	2022		2021	
	Weighted average strike price (NT$)	Number of stock options (thousand)	Weighted average strike price (NT$)	Number of stock options (thousand)
Outstanding on January 1	$ 10.40	3,000	10.40	3,000
Exercised quantity in current period	10.30	(792)	-	-
Outstanding on December 31	$ 10.30	2,208	10.40	3,000

Information on the Company's stock options outstanding as at December 31, 2022 and 2021 is as follows:

	December 20, 2022	December 31, 2021
Exercise price interval	$ 10.30	10.40
Weighted-average remaining contractual life (years)	1.75	2.75

4. Employee expenses

The expenses incurred by the consolidated company for share-based payments in 2022 and 2021 are as follows:

	2022	2021
Expenses arising from employee stock options	$ 3,853	5,471

(XVI) Loss per share

	2022	2021
Basic loss per share		
Loss attributable to common shareholders of the Company	$ (315,593)	(120,795)
Weighted average number of outstanding ordinary shares	216,922	206,394

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Basic loss per share (NT$)	$	(1.45)	(0.59)

Loss was suffered in both 2022 and 2021, without dilution effect, so the diluted loss per share needn't be disclosed.

(XVII) Employee and director remuneration

If the Company makes profit in a year (the reference to profit means the pre-tax profit net of remuneration distributed to employees and directors), 8% shall be appropriated from the profit as employee remuneration and 1‰ shall be appropriated as director remuneration. However, an amount shall be retained for recovering the accumulated losses of the Company if any. The employee remuneration may be made in the form of shares or cash, and the subjects for receiving the shares or cash may include employees of the affiliated companies meeting certain specific criteria and the board of directors shall be authorized to establish said specific criteria. The foregoing matters shall be handled as resolved by the Board of Directors and reported to the shareholders' meeting.

Losses remained to be recovered by the Company in 2022 and 2021, so the amount of employee and director remuneration needn't be estimated and presented. Related information is available from MOPS.

(XVIII) Revenue from contracts with customers

1. Revenue subdivision

	2022				
		Optoelectronics	Green building industry	Others	Total
Primary regional markets:					
Taiwan	$	341,508	195,660	63,388	600,556
Mainland China		190,430	-	1,492,811	1,683,241
U.S.		17,543	-	146	17,689
Others		111,356	-	17,360	128,716
	$	660,837	195,660	1,573,705	2,430,202
Main products:					
Photoelectric glass	$	660,837	-	-	660,837
Green building glass		-	195,660	-	195,660
Others		-	-	1,573,705	1,573,705
	$	660,837	195,660	1,573,705	2,430,202

	2021			
	Optoelectronics	Green building	Others	Total

		industry		
Primary regional markets:				
Taiwan	$ 479,924	271,408	205,610	956,942
Mainland China	381,186	-	1,224,130	1,605,316
U.S.	16,698	-	171	16,869
Others	11,916	-	22,790	34,706
	$ 889,724	271,408	1,452,701	2,613,833
Main products:				
Photoelectric glass	$ 889,724	-	-	889,724
Green building glass	-	271,408	-	271,408
Others	-	-	1,452,701	1,452,701
	$ 889,724	271,408	1,452,701	2,613,833

2. Contract balance

	December 20, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable (including related parties)	$ 718,576	889,851	885,207
Less: Allowance for loss	(255,381)	(230,360)	(235,703)
Total	$ 463,195	659,491	649,504
Contract liabilities	$ 13,518	4,661	7,592

For the disclosures of notes and accounts receivable and impairment thereof, please refer to Note 6(2).

The contractual liabilities as at January 1, 2022 and 2021 recognized as revenue amounted to NT$ 4,498 thousand and NT$ 7,098 thousand in 2022 and 2021 respectively.

(XIX) Non-operating Income and Expenses

1. Interest income

Statement of interest income of the Group is as follows:

	2022	2021
Interest income	$ 5,104	19,991

2. Other gains and losses

Statement of other gains and losses of the Group is as follows:

	2022	2021
Foreign exchange gains	$ 59,936	1,809
Net income on disposal of financial assets at fair value through profit or loss	-	274

Gain (loss) on disposal and retirement of property, plant and equipment		(22,947)	985
Gain on fair value adjustment of investment property		7,929	22,994
Loss on valuation of financial assets at fair value through profit or loss		(1,250)	(1,000)
Impairment loss on property, plant, and equipment		-	(20,215)
Other income			
Income from lease		80,359	79,710
Other income		3,124	18,024
Other expenses		(6,085)	(7,410)
	$	121,066	95,171

3. Financial costs

Statement of financial costs of the Group is as follows:

		2022	2021
Interest expense			
Bank borrowings	$	37,970	34,083
Corporate bonds payable		5,749	4,344
Others		1,335	477
	$	45,054	38,904

(XX) Financial Instruments

1. Credit risks

The main potential credit risk of the Group comes from the financial commodities of cash and cash equivalents and accounts receivable. The cash of the Group is deposited at different financial institutions. The Group controls the credit risk of each financial institution exposed, and believes that there is no likelihood of obvious concentration of material credit risk in the cash and cash equivalents of the Group.

Customers of the Group are concentrated in the optoelectronics industry, and to reduce accounts receivable credit risk, the Group continues to evaluate the financial status of customers, and periodically evaluates the feasibility of recovery of accounts receivable and appropriates allowance for doubtful accounts. As at December 31, 2022 and 2021, the accounts receivable from these customers accounted for 22% and 35% of the consolidated company’s total accounts receivable respectively so that the consolidated company’s credit risks were significantly centralized.

(1) Credit risks of receivables and debt securities

Please refer to Note 6(2) for details on the credit risk exposure information related to notes receivable and accounts receivable. Other financial assets measured at amortized cost include other accounts receivable and time deposit certificates.

The aforementioned financial assets refer to financial assets with low credit risk; therefore, the allowance for losses for such periods is measured according to the 12-month expected credit loss amount (please refer to Note 4(7) for details on how the Group makes the judgment on credit risk).

The movement in the allowance for impairment as at 2022 and 2021 is as follows:

	Other receivables
Balance on January 1, 2022	$ 646
Impairment loss recognized	340
Balance on December 31, 2022	**$ 986**
Balance on January 1, 2021	$ 666
Impairment loss reversed	(20)
Balance on December 31, 2021	**$ 646**

2. Liquidity risks

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying amount	contractual cash flows	Less than 1 year	1-3 years	3-5 years	Over 5 years
December 31, 2022						
Non-derivative financial liabilities						
Secured bank loans	$ 1,580,807	1,659,060	518,494	537,921	584,346	18,299
Unsecured bank loans	255,825	263,309	120,588	114,365	28,356	-
Convertible corporate bonds	492,797	500,000	-	500,000	-	-
Notes and accounts payable (including related parties)	317,637	317,637	317,637	-	-	-
Other payables	105,558	105,558	105,558	-	-	-
Payables for equipment	4,977	4,977	4,977	-	-	-
Lease liabilities	15,113	15,268	14,951	317	-	-
	$ 2,772,714	**2,865,809**	**1,082,205**	**1,152,603**	**612,702**	**18,299**
January 31, 2021						
Non-derivative financial liabilities						
Secured bank loans	$ 1,695,591	1,731,040	649,463	522,205	148,772	410,600
Unsecured bank loans	178,000	212,150	180,964	31,186	-	-
Convertible corporate bonds	487,048	500,000	-	500,000	-	-
Notes and accounts payable (including related parties)	347,268	347,268	347,268	-	-	-
Other payables	121,801	121,801	121,801	-	-	-
Construction and equipment payable	3,303	3,303	3,303	-	-	-
Lease liabilities	108,613	110,441	58,157	52,284	-	-
	$ 2,941,624	**3,026,003**	**1,360,956**	**1,105,675**	**148,772**	**410,600**

The Group does not expect that the timing of the occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, or that the actual cash flow amount will be significantly different.

3. Exchange rate risk

(1) Exchange rate risk

The Group's financial assets and liabilities exposed to significant exchange rate risk are as follows:

	December 20, 2022			December 31, 2021		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial asset						
Monetary items						
USD : NTD	$ 25,898	30.71	795,313	37,726	27.68	1,044,251
EUR : NTD	48	32.72	1,565	159	31.32	4,965
RMB : NTD	174	4.4080	769	436	4.344	1,896
Non-monetary items						
USD : NTD	1,693	30.71	51,990	1,727	27.68	47,814
Financial liability						
Monetary items						
USD : NTD	5,866	30.71	180,133	14,045	27.68	388,777

(2) Sensitivity analysis

The Group's exposure to foreign currency risk mainly comes from cash and cash equivalents, accounts receivable, loans and borrowings, and accounts payable that are denominated in foreign currencies, and foreign exchange gain or loss occurs during the translation. Where TWD depreciated or appreciated by 1% compared with USD, euro and RMB and all other factors remained unchanged as at December 31, 2022 and 2021, the net loss after tax decreased or increased by NT$ 4,940 thousand and NT$ 5,299 thousand in 2022 and 2021 respectively. The analysis for the two periods adopted the same basis.

(3) Exchange gain or loss of monetary items

The information on the amount of exchange gain or loss (including realized and unrealized) of monetary items of the Group translated to the functional currency of NTD (i.e. the presentation currency of the Company) is as follows:

2022		2021	
Exchange gain (loss)	Average exchange rate	Exchange gain (loss)	Average exchange rate

TWD	$	59,936	29.88	1,809	27.96

4. Analysis of interest rate

Please refer to the note on liquidity risk management for the interest rate exposure of the Group’s financial assets and liabilities.

The sensitivity analyses below were determined based on the exposure to interest rates for non-derivative instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the report date was outstanding throughout the year. The interest rate increased of decreased by 1% when the consolidated company internally reported the interest rate to the main management. This represented the evaluation of the reasonable change range of the interest rate by the management.

Where the interest rate increased or decreased by 1% and all other factors remained unchanged, the consolidated company’s net profit declined or increased by NT$ 11,551 thousand and NT$ 18,736 thousand in 2022 and 2021 respectively, mainly because the consolidated company loaned at variable interest rate.

5. Information on fair value

(1) Types and fair value of financial instruments

The consolidated company measures financial assets at fair value through profit or loss on a recurring basis. The carrying amount and fair value of various financial assets and financial liabilities (including information on fair value level, but where the carrying amount of the financial instruments measured at fair value is not the reasonable estimate of the fair value and for the lease liabilities, the information on fair value needn’t be disclosed) are listed as follows:

	December 20, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Cash and cash equivalents	$ 682,275	-	-	-	-
Notes and accounts receivable (including related parties)	463,195	-	-	-	-
Other financial assets - (current and non-current)	408,048	-	-	-	-
Subtotal	1,553,518	-	-	-	-
Total	$ 1,553,518	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 393,792	-	-	-	-
Notes and accounts payable (including related parties)	317,637	-	-	-	-

Other payables	105,558	-	-	-	-
Payables for equipment	4,977	-	-	-	-
Lease liabilities (current and non-current)	15,113	-	-	-	-
Corporate bonds payable	492,797	-	-	-	-
Long-term borrowings (including the portion with maturity in one year)	1,442,840	-	-	-	-
Total	$ 2,772,714	-	-	-	-

	December 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 1,250	-	1,250	-	1,250
Financial assets at amortized cost					
Cash and cash equivalents	621,683	-	-	-	-
Notes and accounts receivable (including related parties)	659,491	-	-	-	-
Other financial assets - (current and non-current)	280,797	-	-	-	-
Subtotal	1,561,971	-	-	-	-
Total	$ 1,563,221	-	1,250	-	1,250
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 534,361	-	-	-	-
Notes and accounts payable (including related parties)	347,268	-	-	-	-
Other payables	125,103	-	-	-	-
Payables for equipment	3,303	-	-	-	-
Lease liabilities (current and non-current)	108,613	-	-	-	-
Corporate bonds payable	487,048	-	-	-	-
Long-term borrowings (including the portion with maturity in one year)	1,339,230	-	-	-	-
Total	$ 2,944,926	-	-	-	-

(2) Fair value valuation techniques for financial instruments not measured at fair value

The methods and assumptions the Group adopted to estimate the instruments not measured at fair value are as follows:

(2.1) Financial assets and liabilities measured at amortized costs

If there is transaction or quote information from a market maker, then the latest transaction price and quote information are used as the basis for the evaluation of the fair value. If no market price is available for reference, then a valuation method is used for estimation. The estimation and assumption adopted for the valuation method refers to the discounted value of the cash flow estimated fair value.

(3) Fair value valuation techniques for financial instruments measured at fair value

(3.1) Non-derivative financial instruments

When a financial instrument has an active market open quote, then the open quote of the active market is used for the fair value. For the market price of the main exchange and announced by the exchange center of the central government determined to be on-the-run securities, the publicly listed equity instruments and debt instruments with an active market open quote are determined to have a basis for fair value.

If an open quote of a financial instrument can be timely and frequently obtained from an exchange, broker, underwriter, industry association, pricing service institution or competent authority, and the price represents an actual and frequently occurring fair market transaction, then the financial instrument has an active market open quote. If the aforementioned criteria are not met, then the market is deemed to be inactive. In general, when the bid-ask spread is great, and the bid-ask spread obviously increases or the trading volume is small, then it serves as indicators of an inactive market.

Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. For the fair value of financial instruments measured by using valuation techniques, reference can be made to the current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculations by model using market information available at the balance sheet date.

If a financial instrument held by the Group has no active market, then its fair value is determined according to the following category and attribute:

・Equity instrument without open quote: The market comparable company method is used to estimate the fair value, and its main assumption is to use the rate of return on investees as the basis for measurement. For the estimated value, the discount effect of the lack of market liquidity of such equity security has been adjusted.

(3.2) Derivative financial instruments

The valuation is based on the valuation model widely used and accepted by users in the market, such as discount method and option pricing model.

(4) Transfer between Level 1 and Level 2

In 2022 and 2021, none of the consolidated company’s financial assets or liabilities was transferred.

(XXI) Financial risk management

1. Summary

The Group is exposed to the following risks arising from the use of financial instruments:

(1) Credit risks

(2) Liquidity risks

(3) Market risks

This note discloses information about the Group's exposure to the aforementioned risks, and its goals, policies and procedures with regard to the Group's measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the consolidated financial statements.

2. Risk management framework

The board of directors is fully responsible for the establishment and oversight of the risk management framework of the Group. For the board of directors, the chairperson's office is responsible for the development and control of the financial risk management policies of the Group and to provide reports on the operation thereof to the board of directors periodically.

The establishment of the financial risk management policy of the Group is to identify and analyze the financial risk faced by the Group, and to set up appropriate financial risk limits and control, as well as to monitor risk and risk limit compliance. The financial risk management policy is reviewed periodically to reflect market conditions and changes in the operation of the Group. The Group, through training, management standards and operation procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors of the Group monitors the management, such as monitoring of the financial risk management policy and procedure compliance of the Group, and reviews the appropriateness of the relevant financial management framework for the risks faced by the Group. The internal auditing personnel of the Group provides assistance to the board of directors of the Group to perform their role of supervision. Such personnel undertakes both regular and ad hoc reviews of risk management controls and procedures, and the results thereof are reported to the board of directors.

3. Credit risks

Credit risk refers to the risk of financial loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Group's receivables from customers' notes and accounts as well as bank deposits.

(1) Accounts receivable and other receivables

The credit risk exposure of the Group is mainly affected by the individual condition of each customer. However, the management considers the basic statistical data of customers of the Group, including the industry of customers and country default risk since such factors may affect the credit risk.

The Group has established a credit policy, and according to such policy, before the Group makes standard payment and delivery terms, it is necessary to analyze the credit rating of each new customer individually.

The Group has set up an allowance for bad debt account to reflect the estimated losses arising from notes receivable and others receivable as well as investments. The allowance for debt account mainly consists of a specific loss component relating to individually significant exposure, and a combinational loss component established for losses already occurred but not yet identified in similar asset groups. The combinational loss account allowance account is determined based on the statistical data of past payments of similar financial assets.

(2) Investments

The credit risk of bank deposits and other financial instruments are measured and monitored by the financial department of the Group. Since the transaction counterparties and the contract performance parties of the Group are banks with excellent credit standing, there are no non-compliance issues; therefore, there is no significant credit risk.

(3) Guarantee

The Group's policy is executed in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. As of December 31, 2022 and 2021, the consolidated company had not offered any endorsement or guarantee.

4. Liquidity risks

Liquidity risk refers to the risk that the Group is unable to deliver cash or other financial assets for repayment of financial debts, and the risk of failure to perform relevant obligations. The Group's liquidity management method is to ensure that under general conditions and conditions of pressure, the Group is still able to have sufficient working capital capable of paying liabilities that are due for payment, such that unacceptable loss would not occur or the risk of the reputation of the Group being damaged would not occur. As at December 31, 2022 and 2021, the loans not utilized by the consolidated company amounted to NT$ 236,208 thousand and NT$ 95,639 thousand respectively.

5. Market risks

Market risk refers to the risk in the change of market prices, such as foreign exchange rates and interest rates, affecting the Group's income or the value of holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within an acceptable range, and to optimize investment returns.

To manage market risks, the Group engages in derivative instrument transactions and also generates financial assets and liabilities accordingly. The all transactions were executed in accordance with the instructions of the board of directors.

(1) Exchange rate risk

The Group is exposed to currency risk on transactions of sales, purchases and loans that are denominated in a currency other than the respective functional currencies of the Group. The functional currencies of the Group are mainly NTD and USD. The main pricing currency for such transactions is NTD and USD.

In addition, based on the principle of natural hedging, the Group performs hedging according to the capital demand of each currency and the net position with respect to the market exchange condition.

(2) Interest rate risk

The Group's policy is to ensure that the loan interest rate change risk exposure is evaluated according to the international economic status and market interest rates.

(XXII) Capital management

The Group's capital management objective is to safeguard the Group's ability to continue as a going concern in order to continue to provide returns for shareholders and interests of other stakeholders, as well as to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, execute capital reduction to return share capital to shareholders, issue new shares or sell assets in order to repay debts.

The Group, similar to others in the same industry, uses the debt-to-capital ratio as the basis for capital control and monitoring. Such ratio is calculated by dividing the net liabilities by the total capital. The net liabilities refer to the total liabilities indicated on the balance sheet less cash and cash equivalents. Total capital refers to all components (i.e. share capital, capital surplus, retained earnings and other equity) of equity plus net liabilities.

The consolidated company's capital management strategies in 2022 were intended to ensure that the consolidated company could finance at reasonable costs. Debt-to-capital ratio at report date is as follows:

	December 20, 2022	December 31, 2021
Total liabilities	$ 2,884,587	3,061,063

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Less: Cash and cash equivalent		(682,275)	(621,683)
Net liabilities		2,202,312	2,439,380
Total equity		1,478,459	1,432,759
Capital after adjustment	$	3,680,771	3,872,139
Debt-to-capital ratio		59.83%	63.00%

In 2022, the consolidated company repaid its loans and increased its operating funds by capital increase in cash, thereby causing a drop in the debt-capital ratio.

(XXIII) Investments in Non-cash Transactions and Financing Activities

The consolidated company's investments in the non-cash transactions in 2022 and 2021 are as follows:

		2022	2021
Purchase of property, plant and equipment in the current period	$	69,139	27,376
Add: Equipment and construction payables at beginning of the period		3,303	3,424
Less: Equipment and construction payables at end of the period		(4,977)	(3,303)
Add: Impact of changes in foreign exchange rate		8	1
	$	67,473	27,498

(XXIV) Sound Financial Plan

Due to rapid changes in the industry, the Group has suffered continuous losses in recent years, and the management of the Group has consecutively adopted the following measures in order to ensure the operation of the Group and to improve the financial structure and cash flow in a positive direction. In response to these circumstances, the Group plans to adopt the following plans:

1. Operation

(1) Actively integrate core technologies of the Company to satisfy the requirements for high-level customization of terminal products and adapt to new technologies. Continuously enhance and adjust the abilities to get orders from the market, to consolidate and develop market, satisfy customer requirements and reinforce foundations for boosting the increase in the market share.

(2) Extend to industries related to vehicle-borne industrial computers and intelligent buildings to diversify operations. Decrease reliance upon the industry of consumer electronics, constantly develop new products and adjust market position to increase sales of niche products.

(3) Expand customer bases and extend product applications in relation to core

competences. Realize speed, service, cost and quality objectives.

(4) Plan promotions of glass products.

(a) Combine E-beam evaporation technology with ion assisted precise optical coating quality technology.

(b) Develop and promote multi-curved glass hot forming designs for vehicle-borne displays and interiors.

(c) Promote application of electrochromic curtain glass.

2. Management

(1) Implement policies for streamlining organizational structure and take full advantage of outsourcing advantages to strictly control costs.

(2) Improve production management efficiency, reduce material losses, perform stringent inventory management and decrease loss of obsolescence.

(3) Increase accuracy of sales forecasts, strictly control raw material procurement, enhance flexibility of capital utilization, improve efficiency and lower operating costs.

(4) Facilitate introduction of materials from the second source, effectively control and lower material costs.

(5) Strictly control auditing of expenditures. Reduce expenditures and unnecessary wastes.

(6) Focus on introducing new technologies or processes in the future; increase the capital expenditures necessary for improving production efficiency of machines and equipment, and perform strict analysis of returns on investments, to maximize benefits of capital expenditures.

3. Finance

(1) Plan cost reduction, tighten expenditures, keep funds at a safe level and decrease backlog of working capital.

(2) Constantly negotiate about bank lines and strengthen cooperation with banks, to increase working capital.

VII. Related Party Transactions

(I) Names of related parties and relationships

The related parties that have had transactions with the Group during the periods covered in the financial statements are as follows:

Related party name	Relationship with the Group	Remarks
Hon Hai Precision Industry Co., Ltd.	Investees indirectly evaluated by the Company with equity method	Note 1
Chin Ming Glass Co., Ltd.	The chairperson of this company is a relative within the first degree of kinship of the	

Related party name	Relationship with the Group	Remarks
	chairperson of the Company	
PT. Sharp Electronics Indonesia	Its ultimate parent company is an investment company using the indirect equity method on the Company	Note 1
FIH (Hong Kong) Limited	"	"
Asia Pacific Telecom Co., Ltd.	"	"
Nanjing Innolux Optoelectronics Ltd.	"	"
Futaihua Industry (Shenzhen) Co., Ltd.	"	"
Foxconn Global Network Corporation	"	"
General Interface Solution Business (Shenzhen) Co., Ltd.	"	"
General Interface Solution Business (Wuxi) Co., Ltd.	"	"
Innolux Corporation	"	"
Chiun Mai Communication Systems Inc.	Its ultimate parent company is an investment company using the indirect equity method on the Company	"
Century Technology (Shenzhen) Co., Ltd.	"	"
Foshan Innolux Optoelectronics Ltd.	"	"
Ennoconn Corporation	"	"
Ningbo CarUX Technology Co., Ltd.	"	"
Hongfutai Precision Electrons (Yantai) Co., Ltd.	"	"
XINGFOX ENERGY TECHNOLOGY CO., LTD.	"	"
FOXCONN TECHNOLOGY CO., LTD.	"	"
Ningbo Innolux Optoelectronics Ltd.	"	"
CARUX TECHNOLOGY PTE. LTD. Tainan Branch	"	"
Brave Advance	Associates of the Group	
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	"	

Note 1: No longer an associate of the consolidated company from January 1, 2023.

(II) Significant related party transactions and balances

1. Operating revenue

The significant sales of the Group to related parties were as follows:

	2022	2021
Innolux Corporation	$ 258,138	214,779
Other related parties	465,723	323,229
	$ 723,861	**538,008**

The consolidated company's selling price and collection term for other related parties is monthly settlement within 45 to 120 days, without significant difference from general customers.

2. Purchase

Purchase costs of the Group from related parties were as follows:

	2022	2021

Other related parties:			
Futaihua Industry (Shenzhen) Co., Ltd.	$	1,176,241	834,004
Other related parties		24,583	66,195
	$	1,200,824	900,199

The related parties from which the consolidated company makes purchases are single suppliers, for which the payment term is monthly settlement within 45 to 90 days. The payment terms for general suppliers are LC120 days and monthly settlement within 30 to 90 days.

3. Receivables from related parties

Statement of receivables from related parties of the Group is as follows:

Item	Types of related parties		December 20, 2022	December 31, 2021
Accounts receivable - related parties	Other related parties:			
	Innolux Corporation	$	64,796	61,488
	Other related parties		65,672	61,636
		$	130,468	123,124

4. Payables to related parties

Statement of payables to related parties of the Group is as follows:

Item	Types of related parties		December 20, 2022	December 31, 2021
Accounts payable - related parties	Other related parties:			
	Futaihua Industry (Shenzhen) Co., Ltd.	$	218,864	168,908
	Other related parties		9,010	9,425
		$	227,874	178,333
Other payables	Other related parties	$	3,325	6,589

5. Lease

In December 2021, the consolidated company rented the office building for Nanke Plant from a related party and entered into a two-year lease contract with reference to the rent of adjacent land. The total contract price was NT$ 101,024 thousand. In November 2022, a new lease contract was concluded upon further negotiation to lower the rent. While the remaining lease term remained unchanged, the total contract price amounted to NT$ 15,654 thousand. The interest expenses recognized in 2022 and 2021 amounted to NT$ 1,253 thousand and NT$ 505 thousand. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to NT$ 13,851 thousand and NT$ 101,024 thousand respectively.

(III) Personnel transactions from key management

Remuneration of key management includes:

		2022	2021
Short-term employee benefits	$	15,151	16,810
Share-based payments		1,028	1,459

$	16,179	18,269

VIII. Pledged Assets

Statement of the carrying value of pledged or secured assets of the Group is as follows:

Asset name	Pledged or secured subject matter	December 20, 2022	December 31, 2021
Other financial assets - current	Customs bonds and bank borrowings	$ 62,557	88,830
Other financial assets - non-current	Corporate bonds payable and bank borrowings	282,500	179,000
Property, plant and equipment	Bank borrowings	1,098,652	1,054,019
Investment property	Bank borrowings	1,145,991	1,138,062
Prepayments for equipment	Bank borrowings	77,556	-
		$ 2,667,256	2,459,911

IX. Significant Contingent Liabilities and Unrecognized Commitments

The contract prices for the Group's equipment purchases were as follows:

	December 20, 2022	December 31, 2021
Signed contract prices	$ 202,792	337,379
Paid amount	$ 148,976	178,345

X. Significant Disaster Loss: None.

XI. Significant Subsequent Events: None.

XII. Others

A summary of employee benefits, depreciation, depletion and amortization expenses, by function, is as follows:

By function / By nature	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense						
Salary expense	255,554	102,677	358,231	268,813	102,708	371,521
Labor and health insurance expense	28,023	8,182	36,205	24,117	7,837	31,954
Pension expense	11,812	4,619	16,431	10,236	4,307	14,543
Other employee benefit expenses	11,199	3,524	14,723	10,672	4,451	15,123
Depreciation expense	178,880	12,986	191,866	186,920	14,098	201,018
Amortization expense	1,002	3,938	4,940	995	3,696	4,691

In 2022 and 2021, the depreciation in other profit and loss under the non-operating income and expense of the consolidated company amounted to NT$ 2,743 thousand and NT$ 5,524 thousand respectively.

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XIII. Separately Disclosed Items

(I) Significant transactions information

The information on material transactions that should be further disclosed by the consolidated company in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in 2022 is as follows:

1. Fund lending to others: None.
2. Endorsement or guarantee for others: None.
3. Year-end holding of negotiable securities (excluding equity in investees, associates and joint ventures): None.
4. Accumulated purchase or sale of the same negotiable securities up to NT$ 300 million or over 20% of the paid-in capital: None.
5. Acquisition of property up to NT$ 300 million or over 20% of the paid-in capital: None.
6. Disposal of property up to NT$ 300 million or over 20% of the paid-in capital: None.
7. Purchase from or sales to the associates up to NT$ 100 million or over 20% of the paid-in capital:

Unit: NT$ thousand

			Transaction details				Difference of transaction conditions with general transactions and reasons		Notes and accounts receivable (payable)		
Companies from and to which products are purchased and sold	Related party name	Relations	Purchase (sales)	Amount	Ratio to total purchase (sales)	Payment term	Unit price	Payment term	Balance	Ratio to notes and accounts receivable (payable)	Remarks
G-TECH Optoelectronics Corporation	Futaihua Industry (Shenzhen) Co., Ltd.	Other related parties	Purchase	948,880	63.71 %	DA 45 DAYS	-		(125,816)	(61.10)%	
〃	Innolux Corporation	〃	Sales	(258,138)	(12.34)%	Monthly payment in 120 days	-		64,796	17.44%	
〃	Ningbo CarUX Technology Co., Ltd.	〃	Sales	(140,908)	(6.73) %	Monthly payment in 120 days	-		28,580	7.69%	
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	Futaihua Industry (Shenzhen) Co., Ltd.	〃	Purchase	227,361	86.88 %	Monthly payment in 30 days	-		(93,048)	(91.31)%	

8. Receivables from associates up to NT$ 100 million or over 20% of the paid-in capital: None.
9. Engagement in derivative transactions: For details, please refer to Note 6 (10).
10. Business relations and material transactions between the parent company and the subsidiaries: None.

(II) Information on investees:

The information on the consolidated company's investees (excluding investees in Mainland China) in 2022 is as follows:

Unit: NT$ thousand/USD thousand

				Original investment amount		Shareholding at the end of the period						
Investors	Name of investee	Location	Main business items	End of the period	End of the preceding year	Number of shares	Ratio	Carrying amount	Highest shareholding ratio or capital contribution in	Investees' profit/loss in the period	Current investment profit/loss recognized	Remarks

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									the current period			
G-TECH Optoelectronics Corporation	Fast Achievement Global Ltd.	Cayman Islands	Holding	16,583 (USD540)	16,583 (USD540)	540,000	100.00%	51,990	100.00%	372 (USD12)	372 (USD12)	
G-TECH Optoelectronics Corporation	Golden Start Global Corp.	Samoa	Holding	2,192,429 (USD71,391)	2,192,429 (USD71,391)	71,391,373	100.00%	73,893	100.00%	(7,274) (USD(243))	(7,274) (USD(243))	
Fast Achievement Global Ltd.	Brave Advance International Corp.	Samoa	Holding	15,355 (USD500)	15,355 (USD500)	500,000	25.00%	51,990 (USD1,693)	25.00%	1,568 (USD52)	392 (USD13)	
Golden Start Global Corp.	Charmtex Global Corp.	Samoa	Holding	2,191,815 (USD71,371)	2,191,815 (USD71,371)	71,371,373	100.00%	73,893 (USD2,406)	100.00%	(7,265) (US(243))	(7,265) (USD(243))	

Note: Except for Brave Advance International Corp., all above transactions were written off in preparing the consolidated financial statements.

(III) Information on Investments in China:

1. Information of name of investees in China, and main business items:

Unit: NT$ thousand/USD thousand

Names of the investees in Mainland China	Main business items	Paid-in capital	Investment method	Opening aggregate investment amount remitted out from Taiwan	Remitted or recovered investment amount of the period		Closing aggregate investment amount remitted out from Taiwan	Investees' profit/loss in the period	Ratio of shareholding directly or indirectly invested by the Company	Highest shareholding ratio or capital contribution in the current period	Recognized returns and losses on investments in the period	Closing carrying value of investments	Remitted returns on investments as of the end of the period
					Outward remittance	Recovery							
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	Produce and sell TFT-LCD materials	729,055 (USD23,740)	Note 1	729,055 (USD23,740)	-	-	729,055 (USD23,740)	21 (USD1)	25.00%	25.00%	5 (USD-)	16,026 (USD522)	-
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	Produce and sell TFT-LCD materials	2,149,700 (USD70,000)	Note 2	2,149,700 (USD70,000)	-	-	2,149,700 (USD70,000)	(8,450) (USD(283))	100.00%	100.00%	(8,450) (USD(283))	66,446 (USD2,164)	-

Note 1: The company indirectly invests in Hongda Photoelectric Glass (Dongguan) Co., Ltd. in Mainland China through Brave Advance International Corp., an investee of Fast Achievement Global Ltd. in a third area.

Note 2: The Company indirectly invests in Ruizhida Optoelectronics (Chengdu) Co., Ltd. in Mainland China through Charmtex Global Corp., an investee of Golden Start Global Corp. in a third area.

Note 3: Fast Achievement Global Ltd., Golden Start Global Corp., Brave Advance International Corp., Charmtex Global Corp., Hongda Photoelectric Glass (Dongguan) Co., Ltd. and Ruizhida Optoelectronics (Chengdu) Co., Ltd. Recognize the returns and losses investments based on certain accounts audited by or financial reports of the same period disclosed by the CPAs of the Taiwan parent company.

Note 4: Except for Hongda Photoelectric Glass (Dongguan) Co., Ltd., all other transactions mentioned above were offset in preparing the consolidated financial statements.

2. Limit of investments in Mainland China:

Aggregate amount remitted from Taiwan for investments in Mainland China in the period	**Investment amount approved by the Investment Commission, Ministry of Economic Affairs**	**Limit of investments in Mainland China specified by the Investment Commission, Ministry of Economic Affairs**
2,878,755 (USD93,740)	2,878,755 (USD93,740)	-
(Including machine prices of NT$ 263,584) (USD8,583)	(Including machine prices of NT$ 284,866) (USD9,276)	-

Note: On August 26, 2019, the consolidated company was issued the supporting documents for compliance with the business scope of the head office by the Industrial Development Bureau, Ministry of Economic Affairs, so it was not subject to any investment limit.

3. Material transactions with investees of Mainland China: None.

(IV) Information on Major Shareholders:

Shares Name of major shareholder	Number of shares held	Shareholding ratio
HON YUN INTERNATIONAL INVESTMENT CO., LTD.	15,728,165	7.01%

XIV. Information on Segments

(I) General information

Since April 2016, the Group has made organization segment adjustments, and the reportable segments and operations thereof after the adjustment respectively refer to the Optoelectronics Business Unit (referred to as "Optoelectronics BU") and the Green Building Business Unit (referred to as "Green Building BU"). The Optoelectronics BU is mainly responsible for the R&D, design, manufacturing and sales of general consumer electronics, vehicle glass and protective touch control glass for industrial control computers. The Green Building BU is mainly responsible for the R&D and sales of green building material glass, and provides various sorts of building glass surface treatment and reinforcement, abnormality processing services.

(II) Information on profit/loss, assets, liabilities and measurement basis and adjustment of reportable segments

The Group uses the income before tax of segments (excluding gain/loss occurred infrequently and exchange gain/loss) from the internal management reports reviewed by key operating decision makers as a basis for management resource allocation and performance evaluation. Since the income tax, gain/loss occurred infrequently and exchange gain/loss are managed with the Group as the basis, the Group does not amortize the income tax expense (profit), gain/loss occurred infrequently and exchange gain/loss to the reportable segments. In addition, not all of the gain/loss of reportable segments includes material non-monetary items other than the depreciation and amortization. The amounts reported and the reports used by the operating decision makers are consistent.

The pension expense of each operating segment is recognized and measured based on the pension program paid in cash, and the accounting policies of operating segments are the same as Note 4 "Summary of Significant Accounting Policies".

The Group treats the sales and transfers among segments as transactions with third parties.

The transactions are measured at current market prices.

Information and adjustment of operating segments of the Group are as follows:

2022		Optoelectronics	Green building	Others	Adjustment and offset	Total
Revenue						
Revenue from external customers	$	660,837	195,660	1,573,705	-	2,430,202
Inter-segment revenue		-	-	-	-	-
Interest income		5,104	-	-	-	5,104
Total revenue	$	665,941	195,660	1,573,705	-	2,435,306
Interest expense	$	(45,054)	-	-	-	(45,054)
Depreciation and amortization		(139,461)	(60,088)	-	-	(199,549)
Investment gain		392	-	-	-	392
Segment profit/loss	$	(340,746)	(31,611)	56,764	-	(315,593)
Segment total assets	$	3,945,196	417,850	-	-	4,363,046
Segment liabilities	$	2,588,145	296,442	-	-	2,884,587

2021		Optoelectronics	Green building	Others	Adjustment and offset	Total
Revenue						
Revenue from external customers	$	889,724	271,408	1,452,701	-	2,613,833
Inter-segment revenue		-	-	-	-	-
Interest income		19,991	-	-	-	19,991
Total revenue	$	909,715	271,408	1,452,701	-	2,633,824
Interest expense	$	(38,904)	-	-	-	(38,904)
Depreciation and amortization		(126,180)	(85,053)	-	-	(211,233)
Investment gain		1,351	-	-	-	1,351
Segment profit/loss	$	(270,098)	89,029	60,261	-	(120,808)
Segment total assets	$	3,640,421	853,401	-	-	4,493,822
Segment liabilities	$	2,536,096	524,967	-	-	3,061,063

(III) Information on Product Type and Labor Type

Information on revenue from external customers of the Group is as follows:

Product name		2022	2021
Photoelectric glass	$	660,837	889,724
Green building		195,660	271,408
Others		1,573,705	1,452,701
Total	$	2,430,202	2,613,833

(IV) Geographical Information

The geographical information of the Group is as follows. The income described in the following is classified according to the geographical location of customers. In addition, non-current assets are classified according to the geographical location of assets.

By location		2022	2021
Revenue from external customers:			
Mainland China	$	1,683,241	1,605,316
Taiwan		600,556	956,942
U.S.		17,689	16,869
Others		128,716	34,706

	$	**2,430,202**	**2,613,833**
Non-current assets:			
Taiwan	$	2,456,415	2,484,352
Mainland China		-	3,068
Total	**$**	**2,456,415**	**2,487,420**

Non-current assets include property, plant and equipment, right-of-use assets, investment property, investment property and other assets; however, financial instruments, deferred income tax assets, assets of retirement benefits and non-current assets arising from rights of insurance policies are excluded.

(V) Information on Major Customers

Operating revenue:

		2022	2021
Customer B	$	684,133	678,432
Customer A		295,858	391,203
	$	**979,991**	**1,069,635**

Independent Auditor's Report

The Board of Directors G-TECH Optoelectronics Corporation

Verification Opinion

We have audited the accompanying financial statements of G-TECH Optoelectronics Corporation (the "Company") which comprise the balance sheets for the years ended December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows and notes to parent company only financial statements, including a summary of significant accounting policies, for the years ended December 31, 2022 and 2021.

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

Basis for Opinion

We perform audits according to the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the Norms for Professional Ethics for Certified Public Accountants and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

I. Revenue Recognition

Please refer to Note 4(16) of the unconsolidated financial statements for the detailed accounting policy on revenue recognition. Please refer to Note 6(18) of the unconsolidated financial statements for detailed descriptions of the revenue recognition.

Description of Key Audit Matters:

The revenue of the Company mainly comes from product sales to customers, and the sales contract with customers involve different types of transaction terms. For the recognition of sales revenue, the product control transfer status is determined according to the transaction terms of each individual sales contract. Accordingly, the test of the recognition of revenue is identified as a key audit matter for the execution of the audit of the financial statements of the Company.

Corresponding Audit Procedures:

- Evaluate if the accounting policies for income recognition are appropriate;

- Understand and test main income patterns, transaction models, contract terms, transaction conditions, related internal control designs and implementations of the Company to confirm if they are effective;

- Take samples for thorough tests and check all forms to confirm authenticity of transactions. A period before and after the financial reporting date, carry out cutoff tests, take samples and obtain related certificates, to confirm if the recognized time points of transactions are reasonable;

- In addition, a period before and after the financial reporting date, check the discounts and refunds that the Company has to offer to the customers according to the sales contracts, to confirm if there are material sales returns and discounts, in order to confirm authenticity of the transactions; and

- Learn about the accrued discounts estimated by the authorities and reconcile them with related internal or external data to evaluate whether related parameters and main hypotheses are reasonable. Review the estimates of previous years' accrued discounts to confirm if they are correct, and evaluate if the accrued discounts estimated by the authorities are appropriate.

II. Investment Property Fair Value Evaluation

Please refer to Note 4(10) of the parent company only financial statements for detailed accounting policy on investment property fair value evaluation. Please refer to Note 5(2) of the parent company only financial statements for detailed accounting estimation and assumption uncertainty for the investment property fair value. Please refer to Note 6(6) of the parent company only financial statements for details of the investment property.

Description of Key Audit Matters:

The investment property is an important asset for operations of the Company, and accounts for 27% of the total assets. The accounting of the Company is performed according to International Accounting Standard 40 at fair value, and subsequent changes in fair value are recognized as profit or loss of the current period. Since the Company uses the recommendations of external real estate appraiser reports as the basis for the evaluation of the investment property fair value, the neighborhood rental market prices referenced and financial information related to the investment property rental provided by the Company for the execution of the appraisal procedure may involve material judgment and estimation uncertainty. Accordingly, any inappropriate evaluation of the fair value change may result in misstatement of the financial statements. Accordingly, the investment property fair value evaluation is identified as a key audit matter for the execution of the audit of the financial statements of the Company.

Corresponding Audit Procedures:

- Assess the professionalism, objectiveness and experience of the real estate appraiser retained by the Company to be in charge of the fair value measurement.

・Verify the rationality of the material assumptions and critical judgments adopted in its appraisal report, and review the lease agreements and comparison with relevant market information, in order to determine whether the future cash flow, income and discount rate have been handled according to the regulations.

・Verify the appraisal report and relevant accounting records in order to determine the accuracy of accounting procedures.

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

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

In preparing the unconsolidated financial statements, the responsibilities of the management also include 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.

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

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 means high assurance, and in performing audits according to the auditing standards, it cannot be guaranteed that material misstatements can always be detected in the standalone financial reports. Misstatement can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the unconsolidated financial statements.

In conducting audits according to the auditing standards, we make professional judgments and remain professionally skeptical. We also:

1. Identify and evaluate risks of material misstatements in unconsolidated financial statements resulting from frauds or errors; design and implement appropriate countermeasures for the evaluated risks; obtain sufficient and appropriate audit evidence as the basis of audit opinions. 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. Acquire necessary understanding about internal controls critical for auditing, to design appropriate auditing procedures suitable for the current circumstances, but the purpose is not to express opinions regarding effectiveness of the Company's internal controls.
3. Evaluate whether the accounting policies adopted by the management, accounting estimates and related disclosures are appropriate.
4. Based on the obtained audit evidences, reach conclusions regarding appropriateness of the going concern basis of accounting adopted by the management, and whether material uncertainties exist in the events or circumstances which might cause major doubts about the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then relevant disclosures of the unconsolidated financial statements are required to be provided in our audit report to allow users of unconsolidated financial statements to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate overall expressions, structures and contents of the unconsolidated financial statements (including related notes), and whether relevant transactions and events are fairly presented in the unconsolidated financial statements.
6. For the financial information of the investees which adopt the equity method, obtain sufficient and appropriate auditing evidences to express opinions on the unconsolidated financial statements. We handle the guidance, supervision and execution of the audit on the Company and are responsible for preparing the opinion on the Company.

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 have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics, and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of the Company's 2022 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude 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 could reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

CPA:

Certificate No. Approved by the Competent Authority of Securities	:	Jin Guan Zheng Liu Zi No.0940129108 Jin Guan Zheng Shen Zi No.1020000737

March 10, 2023

G-TECH Optoelectronics Corporation

Balance Sheet

As of December 31, 2021 and 2022

Unit: NT$ thousand

		December 31, 2022		December 31, 2021	
	Asset	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(1) and (20))	$ 597,393	14	556,396	13
1170	Net notes and accounts receivable (Note 6(2), (18) and (20))	257,664	6	506,084	12
1180	Net notes and accounts receivable - related parties (Note 6(2), (18) and (20) and 7)	113,977	3	106,897	2
1220	Current income tax assets	373	-	5	-
130X	Inventories (Note 6(3))	187,261	4	211,533	5
1476	Other financial assets - current (Note 6(7), (20) and 8)	120,701	3	96,572	2
1479	Other current assets - others	13,280	-	18,479	-
	Total current assets	1,290,649	30	1,495,966	34
	Non-current assets:				
1510	Financial asset at fair value through profit or loss－Non-current (Note 6(10), and (20))	-	-	1,250	-
1551	Investment accounted for under the equity method (Note 6(4))	125,883	3	127,243	3
1600	Property, plant and equipment (Note 6(5), (23), 7 and 8)	1,262,303	30	1,225,552	28
1755	Right-of-use assets	46,093	1	115,575	2
1760	Net investment property (Note 6(6) and 8)	1,145,991	27	1,138,062	26
1780	Intangible Assets	2,028	-	5,163	-
1915	Prepayments for equipment (Note 8)	82,693	2	146,228	3
1840	Deferred income tax assets (Note 6(13))	5,037	-	4,643	-
1980	Other financial assets - non-current (Note 6(7) and (20) and 8)	287,239	7	183,809	4
	Total non-current assets	2,957,267	70	2,947,525	66
	Total Assets	**$ 4,247,916**	**100**	**4,443,491**	**100**

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities				
2100	Short-term borrowings (Note 6(8) and (20))	$ 393,792	9	534,361	12
2130	Contract liabilities - current (Note 6(18))	13,260	-	3,880	-
2170	Notes and accounts payable (Note 6(20))	71,079	2	147,585	3
2180	Notes and accounts payable - related parties (Note 6(20) and 7)	134,826	3	152,306	4
2200	Other payables (Note 6(20) and 7)	102,453	2	120,117	3
2213	Payables on equipment (Note 6(20) and (23))	4,977	-	2,871	-
2250	Liability reserve - current (Note 6(12))	26,174	1	42,970	1
2280	Lease liabilities - current (Note 6(20) and 7)	14,800	-	56,792	1
2322	Long-term borrowings due in one year or one business cycle (Note 6(9) and (20))	214,684	6	273,781	6
	Total current liabilities	976,045	23	1,334,663	30
	Non-current liabilities:				
2530	Corporate bonds payable (Note 6(10) and (20))	492,797	12	487,048	11
2540	Long-term borrowings (Note 6(9) and (20))	1,228,156	29	1,065,449	25
2550	Liability reserve - non-current	18,300	-	18,300	-
2570	Deferred income tax liabilities (Note 6(13))	53,846	1	53,451	1
2580	Lease liabilities - non-current (Note 6(20) and 7)	313	-	51,821	1
	Total non-current liabilities	1,793,412	42	1,676,069	38
	Total liabilities	2,769,457	65	3,010,732	68
	Equity (Note 6(14) and (15)):				
3100	Share capital	2,241,856	53	2,063,936	46
3200	Capital surplus	196,778	5	18,948	-
3300	Losses to be covered	(1,440,223)	(34)	(1,124,630)	(25)
3400	Other equity (Note 6(5))	480,048	11	474,505	11
	Total equity	1,478,459	35	1,432,759	32
	Total liabilities and equity	**$ 4,247,916**	**100**	**4,443,491**	**100**

G-TECH Optoelectronics Corporation

Statements of Comprehensive Income

From January 1 to December 31, 2021 and 2022

Unit: NT$ thousand

		2022 Amount	2022 %	2021 Amount	2021 %
4000	**Operating revenues (Note 6(18) and 7)**	$ 2,092,473	100	2,431,645	100
5000	**Operating costs (Note 6(3), (12) and 7)**	2,221,153	106	2,400,251	99
	Gross profit (loss)	(128,680)	(6)	31,394	1
	Operating expenses (Notes 6(12), (15) and 7):				
6100	Selling and marketing expenses	34,544	2	29,288	1
6200	Administrative expenses	139,034	7	133,221	5
6300	Research and development expenses	62,314	3	64,105	3
6450	Estimated credit impairment losses (recovery gains) (Note 6 (2))	24,247	1	(4,943)	-
6300	**Total operating expenses**	260,139	13	221,671	9
	Net operating loss	(388,819)	(19)	(190,277)	(8)
	Non-operating income and expenses (Note 6(19)):				
7100	Interest income	4,590	-	18,733	1
7020	Other gains and losses (Note 6(6), (10), (11) and 7)	120,593	6	111,997	5
7050	Finance costs (Note 6(10) and 7)	(45,054)	(2)	(38,904)	(2)
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	(6,903)	-	(22,357)	(1)
	Total non-operating income and expenses	73,226	4	69,469	3
	Net loss before tax from continuing operating segments	(315,593)	(15)	(120,808)	(5)
7950	**Less: Income tax expenses (Note 6(13))**	-	-	(13)	-
	Net loss of current period	(315,593)	(15)	(120,795)	(5)
8300	**Other comprehensive income:**				
8360	**Items that may subsequently be reclassified to profit or loss (Note 6(14))**				
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method - Items may be reclassified into profit or loss	5,543	-	(1,934)	-
8399	Less: Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total of items that may subsequently be reclassified to profit or loss	5,543	-	(1,934)	-
8300	**Other comprehensive income (net of tax)**	5,543	-	(1,934)	-
	Total comprehensive income of current period	**$ (310,050)**	**(15)**	**(122,729)**	**(5)**

Loss per share (Note 6 (16)		
Basic loss per share (Unit: NT$)	**$ (1.45)**	**(0.59)**

G-TECH Optoelectronics Corporation

Statements of Changes in Equity

From January 1 to December 31, 2021 and 2022

Unit: NT$ thousand

				Other equity			
	Common share capital	Capital surplus	Losses to be covered	Overseas operating entities financial statements Exchange differences translated	Revalued amount of property	Total	Total equity
Balance on January 1, 2021	$ 2,063,936	16,711	(1,019,793)	163,752	312,687	476,439	1,537,293
Net loss of current period	-	-	(120,795)	-	-	-	(120,795)
Other comprehensive income (loss) of current period	-	-	-	(1,934)	-	(1,934)	(1,934)
Total comprehensive income of current period	-	-	(120,795)	(1,934)	-	(1,934)	(122,729)
Other capital surplus changes:							
Items of the -equity recognized due to issuance of convertible corporate bonds (preferred share))	-	12,724	-	-	-	-	12,724
Covering loss from capital surplus	-	(15,958)	15,958	-	-	-	-
Share-based compensation	-	5,471	-	-	-	-	5,471
Balance on December 31, 2021	2,063,936	18,948	(1,124,630)	161,818	312,687	474,505	1,432,759
Net loss of current period	-	-	(315,593)	-	-	-	(315,593)
Other comprehensive income (loss) of current period	-	-	-	5,543	-	5,543	5,543
Total comprehensive income of current period	-	-	(315,593)	5,543	-	5,543	(310,050)
Cash capital increase	170,000	170,000	-	-	-	-	340,000
Employees' exercising of stock options for issuing new shares	7,920	237	-	-	-	-	8,157
Share-based compensation	-	7,593	-	-	-	-	7,593
Balance on December 31, 2022	**$ 2,241,856**	**196,778**	**(1,440,223)**	**167,361**	**312,687**	**480,048**	**1,478,459**

G-TECH Optoelectronics Corporation

Statements of Cash Flows (continued)

From January 1 to December 31, 2021 and 2022

Unit: NT$ thousand

		2022	2021
Cash Flows from Operating Activities:			
Net loss before tax in the period	$	(315,593)	(120,808)
Adjustments:			
Income/expenses items			
Depreciation expense		194,582	203,694
Amortization expense		4,940	4,691
Estimated credit impairment losses (recovery gains)		24,247	(4,943)
Net loss on financial asset or financial liability at fair value through profit or loss		1,250	726
Interest expense		45,055	38,904
Interest income		(4,590)	(18,733)
Share-based payment cost		7,593	5,471
Share of loss of subsidiaries, associates and joint ventures accounted for using the equity method		6,903	22,357
Loss (gain) on disposal and retirement of property, plant and equipment		23,379	(985)
Gain on fair value adjustment of investment property		(7,929)	(22,994)
Gains from leasehold improvements		(415)	-
Total adjustments to reconcile profit and loss		295,015	228,188
Change in assets/liabilities relating to operating activities:			
Net changes in assets related to operating activities:			
Decrease (increase) in notes and accounts receivable		206,115	(12,672)
(Increase) decrease in accounts receivable - stakeholders		(7,080)	8,171
Inventory decrease (increase)		24,272	(54,834)
Decrease in other current assets		5,199	10,448
(Increase) decrease in other financial assets		(402)	7,739
Total net changes in assets related to operating activities		228,104	(41,148)
Net changes in liabilities related to operating activities:			
Increase in contract liabilities		9,380	286
Decrease (increase) in notes and accounts payable		(76,506)	77,225
Decrease in accounts payable - stakeholders		(17,480)	(9,580)
(Decrease) increase in other payables		(17,939)	21,837
(Decrease) increase in liability reserve		(16,796)	27,039
Total net changes in liabilities related to operating activities		(119,341)	116,807
Total net changes in assets and liabilities related to operating activities		108,763	75,659
Total adjustments		403,778	303,847
Cash inflow generated by operating activities		88,185	183,039
Interest received		22,648	675
Interest paid		(37,695)	(33,934)
(Paid) refunded income taxes		(367)	238
Net cash inflow generated by operating activities		72,771	150,018
Cash flow from investing activities:			
Acquisition of financial assets at fair value through profit or loss		-	(14,078)
Disposal of financial assets at fair value through profit or loss		-	14,352
Property, plant and equipment acquired		(67,033)	(31,768)
Disposal of property, plant and equipment		300	985
Acquisition of intangible assets		(1,805)	(2,908)
Increase in other financial assets		(127,157)	(177,291)
Increase in prepayments for equipment		(72,370)	(146,228)
Net cash used in investing activities		(268,065)	(356,936)
Cash flows from financing activities:			
Increase in short-term borrowings		907,631	1,193,541
Decrease in short-term borrowings		(1,048,200)	(1,228,957)
Proceeds from issuing bonds		-	493,178
Proceeds from long-term borrowings		422,000	196,000
Repayments of long-term borrowings		(318,390)	(258,296)
Lease principle repayment		(74,907)	(59,706)
Cash capital increase		340,000	-
Employee stock options		8,157	-
Net cash inflow from financing activities		236,291	335,760
Increase of cash and cash equivalents in current period		40,997	128,842
Balance of cash and cash equivalents at beginning of period		556,396	427,554
Balance of cash and cash equivalents at end of period	$	**597,393**	**556,396**

G-TECH Optoelectronics Corporation
Notes to the Unconsolidated Financial Statements
2021 and 2022
(Unless otherwise specified, all amounts shall be denominated in NT$ thousand)

I. Organization and Business Scope

G-TECH Optoelectronics Corporation (“the Company”) was established on June 27, 1996 with the approval of the Ministry of Economic Affairs, with the registered place at No. 99 Zhongxing Rd., Tongluo Township, Miaoli County. The main business items of the Company include glass and glass products, electronics parts manufacturing and international trade business, etc.

II. Date and Procedure for Approval of Financial Statements

These unconsolidated financial statements were published with the approval of the Board of Directors on March 10, 2023.

III. Application of New and Revised Standards, Amendments and Interpretations

1. (I) The impact of the new announcements and revisions of the standards and interpretations endorsed by the Financial Supervisory Commission (“FSC”)

The Company has adopted the following newly amended IFRSs since January 1, 2022, which has imposed no material impact upon the unconsolidated financial statements.

- Amendments to IFRS 16 “Price Clauses of Property, Plant and Equipment before Reaching the State for Intended Use”
- Amendments to IFRS 37 “Onerous Contracts - Cost of Fulfilling a Contract”
- IFRS 2018-2020 Annual Improvements
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

2. (II) Effect of not adopting the IFRS endorsed by the FSC

The Company adopts the following newly amended IFRSs which have entered into force since January 1, 2023 in its evaluation, which will impose no material impact upon the unconsolidated financial statements.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

3. (III) New standards and Interpretations not yet endorsed by the FSC

The standards and interpretations issued by the IASB but not yet endorsed and issued into effect by the FSC that may be relevant to the Company are as follows:

Newly promulgated or amended standards	Main amendments	Effective date of publication by FSC
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	According to IAS 1 in force, the liabilities for which an enterprise is not entitled to unconditionally extend the term of repayment to at least 12 months after the reporting period shall be classified as current. In the amended clause, such right is no longer specified to be unconditional. Instead, it is stipulated that the right shall exist and substantive on the end date of the reporting period. The amended clauses specifies how an enterprise shall classify its liabilities repaid by issuing its own equity instruments (e.g. convertible corporate bonds)	January 1, 2024
Amendments to IAS 1 "Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendment to IAS1, it is specified in the newly amended clause that only the covenants followed on or before the reporting date impact the classification of liabilities as current or non-current. The covenants which shall be obeyed by an enterprise after the reporting date (namely the future covenants) do not impact the classification of liabilities on that day. Only when the non-current liabilities are subject to the future covenants shall an enterprise disclose information to help the users of its financial statements understand the risk that such liabilities might be repaid within 12 months after the reporting date.	January 1, 2024

The Company is currently assessing the impact of the aforementioned standards and interpretations on the financial status and business results of the Company, and relevant impacts will be disclosed after the completion of the assessment.

The following newly promulgated and amended standards not yet approved are not expected to have material impact on the unconsolidated financial statements of the Company.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”
- Amendments to IFRS 16 “Provisions for Sale and Leaseback Transactions”

IV. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of the unconsolidated financial statements are summarized as follows. The following accounting policies have been applied consistently throughout the presented periods in the unconsolidated financial statements.

4. (I) Statement of Compliance

The unconsolidated financial statements were prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

5. (II) Basis of Preparation

1. Basis of measurement

The unconsolidated financial statements have been prepared on the historical cost basis, except for the following significant balance sheet items.

(1) Financial assets at fair value through profit or loss

(2) Investment property at fair value

2. Functional and presentation currencies

The functional currency of the Company is determined based on the currency of the primary economic environment in which it operates. The unconsolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency. All financial information is presented in NT$ thousand.

6. (III) Foreign currency

1. Transactions in foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rate at the dates of the transactions. At the end of each subsequent reporting period (referred to as the “report date”), foreign currency items are translated to the functional currency at the exchange rate at that date. Non-monetary items measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transaction.

The foreign exchange difference arising from the conversion is typically recognized in profit or loss; however, it shall be recognized under other comprehensive income for the following conditions:

(1) Designated as equity instruments measured at fair value through other comprehensive profit or loss;

(2) Designated as overseas operating entities' financial liabilities for evading risks of net investments within the effective scope of risk evasion: or

(3) Qualified cash flow evading risks within the effective scope.

2. Overseas operating entities

The assets and liabilities of foreign operations include the reputation and fair value adjustment at the time of acquisition, and it is converted into NTD according to the exchange rate on the report date. The profit and loss items are converted into NTD according to the average exchange rate of the current period. The exchange difference generated is recognized as other comprehensive income.

In case of disposal of foreign operation leading to loss of control, joint control or material impact, the accumulated exchange difference related to the foreign operation shall be reclassified as profit or loss in full. During partial disposal of affiliated enterprise or joint venture investment involving foreign operations, relevant accumulated exchange difference shall be reclassified as profit or loss proportionally.

For monetary accounts receivable or payable of a foreign operation, if there is no repayment plan and repayment cannot be made in the foreseeable future, the foreign exchange profit or loss arising therefrom shall be treated as part of the net investment on such foreign operation and shall be recognized as other comprehensive income.

7. (IV) Classification of current and non-current assets and liabilities

Assets satisfying one of the following criteria shall be classified as current assets; all other assets that are no current assets shall be classified as non-current assets:

1. The assets are expected to be realized in the normal course of business, or intended to be sold or consumed;

2. The assets are held mainly for trading;

3. The assets are expected to be realized within 12 months after the reporting period; or

4. The assets are cash or cash equivalents, except that they are subject to other restrictions when exchanged or used for repaying liabilities at least 12 months after the reporting date.

Liabilities satisfying one of the following criteria shall be classified as current liabilities; all other liabilities that are not current liabilities shall be classified as non-current liabilities:

1. The liabilities are expected to be discharged in the normal course of business;

2. The liabilities are held mainly for trading;

3. The liabilities are expected to be discharged within 12 months after the reporting period; or

4. The liabilities for which the Company is not entitled to unconditionally extend the term of repayment to at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuing of equity instruments do not affect its classification.

8. (V) Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents refer to short-term investments with high liquidity that are subject to insignificant risk of changes in their fair value and can be cashed into fixed amounts of money. The definition of time deposit is similar to that of cash equivalent; however, the purpose of holding time deposit is for short-term cash commitment rather than investment, to be classified as cash equivalents.

9. (VI) Financial instruments

Accounts receivable and debt securities are initially recognized upon receipt. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets not measured at fair value through profit or loss (excluding account receivables not containing a significant financial component) or financial liabilities were initially measured at fair value plus the transaction cost directly attributed to the acquisition or issuance thereof. Accounts receivable not containing a significant financial component were initially measured at the transaction price.

1. Financial assets

For the purchase or sale of financial assets complying with regular trading, the Company uses the same method to classify the financial assets. All of the purchases and sales of financial assets are recognized using trade-date or settlement-date accounting.

During the initial recognition, the financial assets are classified as: financial assets measured at amortized cost or financial assets at fair value through profit or loss.

The Company reclassifies all affected financial assets starting on the first day of the next reporting period only when it changes its business model for managing its financial assets.

(1) Financial assets measured at amortized costs

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principle and interest on the outstanding principle amount.

Such assets subsequently use the initially recognized amount plus or less the accumulated amortized value using the effective interest method, and adjust any allowance loss measured at amortized cost. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Gains or losses on derecognition are recognized in profit or loss.

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

The financial instruments that are not measured at amortized cost as described above are measured at fair value through profit or loss, including derivative financial assets. When making initial recognition, the Company may irrevocably recognize the financial assets that qualify as financial assets measured at amortized cost as financial assets at fair value through profit or loss in order to eliminate or significantly reduce the accounting mismatch.

Such assets are subsequently measured at fair value, and the net gain or loss (including any dividends and interest income) is recognized as profit or loss.

(3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured at 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is measured at an amount equal to lifetime ECLs.

To determine whether the credit risk has significantly increased after the initial recognition, the Company considers reasonable and verifiable information (information that can be obtained without excessive cost or investment), including qualitative and quantitative information, and the analysis conducted by the Company based on past experience, credit assessment and prospective information.

Where credit risk of financial instruments belong to the globally defined “investment grade" (BBB- - Standard & Poor's investment grade, Baa3 - Moody's investment grade or twA - investment grade of Taiwan Ratings, or a higher grade), the credit risk of such debt securities will be deemed low by the Company.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company assumes that the credit risk on the financial asset has been breached if it is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events during the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from possible default events within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses during the expected lifetime of the financial instrument. Credit losses are measured as the present value of all cash shortfalls, i.e. the difference between the cash flows due to the Company in accordance with contracts and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assess whether financial assets measured at amortized cost are subject to credit impairment. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observation data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- For economic or contractual reasons related to the borrower's financial difficulty, having granted to the borrower a concession that the Company would not otherwise consider;
- It is probable that the borrower will file for bankruptcy or other financial

reorganization; or

- The disappearance of an active market for a security due to financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off, either in full or partially, to the extend that there is no realistic prospect of recovery for the Company. For corporate accounts, the Company individually analyzes the write-off timing and amount based on whether it is reasonably expected to be recovered. The Company expects that the written off amount will not have significant reversal. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4. Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights of the cash flows from the asset are terminated, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party, or when nearly all risks and rewards of ownership are not transferred and not retained and the control of the financial asset is not retained.

When the Company signs a transaction for transferring financial assets, if all or nearly all of the risks and rewards of the ownership of the assets transferred are retained, then it is still continued to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity instruments

The debts and equity instruments issued by the Company are classified as financial liabilities or equity according to the substance of contract agreements and the definition of financial liabilities and equity instruments.

(2) Equity transactions

Equity instrument refers to any contract representing the Company with remaining equity from assets after all liabilities have been subtracted. The equity instruments issued by the Company are recognized based on the amount obtained from the payment amount less the direct issuance cost.

(3) Compound financial instruments

The compound financial instruments issued by the Company refer to convertible corporate bonds (valued in NT$) of options held by the owner for converting into capital share, and the quantity of the shares issued does not change along with changes of the fair value.

For the liability component of compound financial instruments, its amount initially recognized is measured at the fair value of similar liabilities excluding the equity conversion right. The initially recognized amount of the equity component is measured based on the difference between the overall compound financial instrument fair value and the liability component fair value. Any transaction costs that can be attributed directly are amortized to the liability and equity component according to the initial carrying amount ratio of the liability and equity.

After initial recognition, the liability component of the compound financial instruments is subsequently measured at amortized cost calculated using the effective interest method. For the equity component of compound financial instruments, it shall not be remeasured after initial recognition.

The interest related to the financial liabilities is recognized in profit or loss. When financial liabilities are reclassified as equity during the conversion, such conversion is not recognized in profit or loss.

(4) Financial liabilities

Financial liabilities are subsequently measured either at amortized cost or at fair value through profit or loss. Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading, is a derivate instrument, or is designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value, with any relevant net gains or losses, including any interest expense, recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost calculated using the effective interest method. Interest expense and exchange gain and loss are recognized in the profit or loss. On derecognition, any profits or losses are recognized in profit or loss.

(5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged, canceled or has expired. When there are changes in the terms of the financial liabilities and there is significant difference in the cash flow of liabilities after revision, then the original financial liabilities are derecognized, and the revised terms are used as the basis for the recognition of the new financial liabilities at fair value.

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

(6) Offsetting of financial assets and liabilities

The Company only presents financial assets and liabilities on a net basis when the Company currently has the legally enforceable right to offset them, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

10. (VII) Inventories

Inventory is measured based on the lower of the cost and the net realizable value. The cost of inventories consists of all costs of acquisition, production or processing costs and other costs arising from the location and state of use, and the weighted average method is used. The costs of finished products and work in process include the manufacturing expense amortized according to the appropriate ratio under normal production capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

11. (VIII) Investment in Associates

Associate refers to an entity where the Company has material impact on its financial and operational policies, but has no control or joint control over.

The Company adopts the equity method for the equity of an associate. Under the equity method, it is recognized at cost during the initial acquisition, and the investment cost includes the transaction cost. The carrying amount of the invested associate includes the goodwill identified during the initial investment, less any accumulated impairment loss.

The unconsolidated financial statements includes the amount of profit or loss and the amount of other comprehensive income of each invested associate, from the date of having material impact to the date of losing material impact, after adjustments to make the accounting policy consistent with the Company, recognized by the Company according to the equity ratio. When an associate is subject to equity change not for profit or loss or other comprehensive income and when the shareholding percentage of the Company in the associate is not affected, the Company then recognizes the equity change under the share of the associate for the Company as capital reserve according to the shareholding percentage.

The unrealized profit and loss arising from the transactions between the Company and associates is recognized in the company's financial statements only within the scope of the non-related party on the associate. When the loss amount of the associate required for recognition proportionally by the Company is equal to or exceeds its equity in the associate, its loss is no longer recognized, and additional loss and relevant liabilities are recognized only within the scope of occurrence of statutory obligation, presumed obligation or payments made on behalf of the investee.

12. (IX) Investment in Subsidiaries

During the preparation of the unconsolidated financial statements, the Company uses the equity method for valuation of investees with controlling power. Under the equity method, profit or loss of the current period and other comprehensive income in the unconsolidated financial statements shall be equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the unconsolidated financial statements shall be equal to the equity attributable to owners of the parent in the consolidated financial statement.

Changes to the ownership interest of the subsidiaries made by the Company that have not caused the loss of the control thereof are handled as interest transactions with the owner.

13. (X) Investment Property

Investment property refers to property held for the purpose of earning rents or capital value increase or both, and excluding property provided for normal business sales, for production, for product or labor or for administrative management purposes. Investment property is measured at cost initially, and subsequently measured at fair vale. Any change thereof is recognized in profit or loss.

The profit or loss from disposition of investment property (calculated based on the difference between the net disposition amount and the carrying amount of such item) is recognized in profit or loss. If an investment property for sale was previously classified as property, plant and equipment, any relevant “Other equity - revalued amount of property” is changed to be recognized as retained earnings.

The rental income from investment property is recognized as non-operating income under the straight-line method during the lease period, and the lease incentive offered during the lease period is recognized as part of the rental income.

(XI) Property, Plant and Equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (including capitalized borrowing costs) less subsequent accumulated depreciation and any subsequent accumulated impairment loss.

When the useful lifetimes of the major components of the property, plant and equipment are different, then it is handled as an independent item (main component) of the property, plant and equipment.

The gain or loss arising from the disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenditure is capitalized only when it is possible that the future economic benefits associated with the expenditure will flow to the Company.

3. Depreciation

The depreciation of an asset is determined after deducting its residual amount from its original cost and is depreciated using the straight-line method over its useful life in order to be recognized in profit or loss.

Land is not depreciated.

The estimated useful lives for current and comparative years are as follows:

(1) Houses and buildings	2～25 years
(2) Machinery and equipment	3～8 years
(3) Other equipment	3～10 years
(4) Leasehold improvement	1～10 years

The houses and buildings mainly include factory buildings, electromechanical power equipment, engineering and dust-free clean room systems. Their depreciation is accrued according to their useful life of 25 years, 10 years and 10 years respectively.

Depreciation methods, useful lives and residual values are reviewed by the Company at each reporting date, and are adjusted appropriately when it is determined necessary.

4. Reclassification as investment property

When the purpose of a property for own use is changed to an investment property, such property is reclassified to investment property based on the fair value at the time of change of its purpose. The profit generated is then remeasured, and it is recognized in profit or loss within the scope of the accumulated impairment previously recognized for such property. The remaining difference is then recognized under other comprehensive income, and it is cumulated to “Other equity - revalued amount of property”. Any loss is recognized in profit or loss; however, if the reduced value is still within the revalued amount of the property, then the reduced amount is recognized in other comprehensive income, and the revalued amount in the equity is offset and reduced.

(XII) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1. Lessees

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company periodically assesses whether the right-of-use asset has any impairment and handles any impairment loss already incurred, and under the condition where remeasurement on the lease liability occurs, the right-of-use-asset is adjusted.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. It is discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Company's incremental borrowing rate is used. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(1) Fixed payments, including substantive fixed payments;

(2) Variable lease payments based on an index or rate, with the index or rate on the start date of lease for original measurement;

(3) Amount expected to be paid as residual value guarantee; and

(4) Price reasonably determined for exercising purchase options or options for lease termination or the penalty to be paid.

The lease liability is measured at amortized cost using the effective interest method, and it is remeasured under the following conditions:

(1) Future lease payment changes with the index or rate for determining lease payment;

(2) Amount expected to be paid as residual value guarantee changes;

(3) Changes occur to the evaluation of options for purchasing underlying assets;

(4) The estimates on whether to extend or terminate the options change, as a result of which the evaluation of lease term is adjusted;

(5) Leased objects, scope or other clauses are modified.

When the lease liability is remeasured due to the aforementioned change in future lease payments arising from a change in an index or rate, change in residual value guarantee and change in purchase, extension or termination option assessment, a corresponding adjustment is made to the carrying amount of the right-of-use asset, and it is recorded in profit or loss when the carrying amount of the right-of-use asset has been reduced to zero.

For change of lease in the reduction of the scope of lease, the carrying amount of the right-of-use asset is reduced in order to reflect the termination of all or a portion of the lease, and the amount of difference with the lease liability is remeasured for recognition in profit or loss.

The Company presents right-of-use assets and lease liability that do not meet the definition of investment property in single items in the balance sheet respectively.

For short-term leases of other equipment and low-value underlying asset leases, the Company chooses not to recognize them as right-of-use assets or lease liabilities, but recognizes relevant lease payments associated with these leases as expenses on a straight-line basis over the lease term.

2. Lessor

For transactions with the Company as the lessor, the lease contracts are classified on the lease establishment date depending on whether nearly all of the risks and remunerations associated with the underlying asset ownership are transferred. If true, it is classified as financial lease; if false, it is classified as operating lease. During evaluation, the Company considers relevant specific indicators including whether the lease period covers the key components of the underlying asset economic lifetime.

If the Company is a sub-lessor, the primary lease and sub-lease transactions are dealt with separately, and the right-of-use assets generated from the primary lease are used to evaluate the classification of the sub-lease transactions. If the primary lease refers to a short-term lease and is exempted for recognition, then the sub-lease transaction shall be classified as operating lease.

If the agreement includes lease and non-lease components, the Company uses the consideration for an amortization contract specified in IFRS 15.

For operating lease, the Company adopts the straight-line basis to recognize the lease payment collected during the lease period as the rental income.

(XIII) Intangible Assets

1. Recognition and measurement

Research and development activity related expenses are recognized in profit or loss when such expenses are incurred.

A development expense is capitalized only when it can be measured reliably, product or process technology or commercial feasibility has been reached, future economic benefit is likely to flow into the Company, and the Company has the intention and sufficient resources to complete such development and has further used or sold the asset. Other development expenses are recognized in profit or loss when such expenses are incurred. After the initial recognition, the capitalized development expense is measured based on the amount obtained from the cost less the accumulated amortization and cumulative impairment.

Other intangible assets with limited useful life acquired by the Company, including computer software and other intangible assets, etc., are measured by the cost less the cumulative amortization and cumulative impairment.

2. Subsequent expenditures

Subsequent expenditure is only capitalized when future economic benefits can be added to relevant specific assets. All other expenses are recognized in profit or loss when such expenses are incurred, including internally developed goodwill and brands.

3. Amortization

Amortization is calculated according to the asset cost less the estimated residual value, and starting from the available-for-use state of the intangible asset, the straight-line approach is used to recognize it in profit or loss for its estimated useful life.

The estimated useful lives for current and comparative years are as follows:

(1) The useful life of computer software is 1 to 3 years

(2) The useful life of other intangible assets is 1 year

Amortization methods, useful lives and residual values of the intangible assets are reviewed by the Company at each reporting date, and are adjusted appropriately when it is determined necessary.

(XIV) Impairment of Non-financial Assets

The Company assesses whether there is any indication that there might be an impairment in the carrying amount of non-financial assets (excluding inventory, deferred income tax assets and investment property measured at fair value) on each reporting day. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

For the purpose of testing the impairment, a group of assets of most of the cash inflow that is independent from the cash inflow of other individual assets or asset groups is used as the smallest identifiable asset group. The goodwill obtained from the merger of enterprises is amortized to each cash generating unit or cash generating unit group that is expected to gain benefits from the synergy of the merger.

The recoverable amount for an individual asset or a cash generating unit is the higher of its fair value less costs of disposal or its value in use. During the assessment of the use value, the future cash flow estimation uses a pre-tax discount rate for calculating the current value, and the discount rate shall reflect the current market assessment on the currency time value and the unit specific risk arising from the asset or cash.

If the recoverable amount of an asset is less than its carrying amount, it is recognized as an impairment loss.

An impairment loss shall be recognized immediately in profit or loss, and the carrying amount of each of the assets is reduced proportionally to the carrying amount of other assets in the unit.

Non-financial assets are reversed only in the range not exceeding the carrying amount (less depreciation or amortization) of the asset that has not been determined during the recognition of the impairment loss in the previous year.

(XV) Provision for Liabilities

Provisions for liabilities are recognized when the Company has an obligation as a result of past events, and the Company is likely to be subject to an outflow of economic resources that will be required to settle the obligation and the amount of the obligation can be reliably estimated. The provision for liabilities is discounted at the pre-tax discount rate for evaluating particular risks of liabilities which reflects the time value of money on the market. The discounted amortization is recognized as interest expense.

1. Restoration

According to applicable contracts, when the Company bears the obligation to disassemble, remove or restore the site location for parts of the property, plant and equipment, the present value of cost expected to be incurred due to the disassembly, removal or restoration of the site location is recognized as provision for liabilities.

2. Goods return and allowance

Possible goods return and allowance are estimated according to the empirical value, and they are recognized as the deduction of the sales revenue at the year when the goods are sold. For current obligations arising from past events, the amount and time of occurrence are uncertain; therefore, it is classified as provision for liabilities.

(XVI) Recognition of Revenue

1. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for rendering services to its customers. Revenue is recognized in the reporting period when the Company satisfies a performance obligation by transferring its control of the product or service to the customer. The main revenue items of the Company are explained as follows:

(1) Product selling

The Company manufactures panel display screen materials and glass products, and also sells such products. The Company recognizes revenue when the control of products is transferred. Product control transfer refers to when the product has been delivered to the customer, and the customer has the full discretion on the sales channel and price of the product, and the unfulfilled obligations of the customer for accepting the product have not been affected. Delivery refers to a product being transferred to a specific location, and its obsolete and loss risks have been transferred to the customer, and the customer has accepted the product according to the sales contract, the acceptance clauses have become invalid, or the Company has objective evidence to consider that all acceptance criteria have been satisfied.

The company recognizes the accounts receivable upon the delivery of goods since the Company has the right to collect consideration unconditionally at such time point.

2. Financial components

The Company expects that the time period between the time in the customer contract of transferring products or services to the customer and the time when the customer makes payment for such products or services is less than one year; therefore, the Company has not adjusted the currency time value of the transaction price.

(XVII) Employee benefits

1. Defined contribution plan

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the period during which services are rendered by employees.

2. Short-term employee benefits

Obligations for short-term employee benefits are recognized as expenses in the period when services are provided. When the Company is required to bear current statutory or presumed payment obligation due to the service previously provided by an employee, and when such obligation can be estimated reliably, such amount is recognized as liabilities.

3. Separation benefits

Separation benefits refer to when the Company cannot cancel the offer of such benefits or recognizes relevant restructuring costs, and whichever occurs first is recognized as expense. When the separation benefits are not expected to be fully repaid within 12 months after the report date, they are discounted.

(XVIII) Share-based payment transactions

Equity-settled share-based payment agreements are recognized as expenses based on the fair value of the provision date and within the receipt period of such compensation, and the relative equity is increased. The expense recognized is adjusted based on the expected compensation amount satisfying the service conditions and the non-market vesting conditions. In addition, the amount finally recognized uses the compensation amount complying with the service conditions and the non-market vesting conditions on the vesting date as the basis for measurement.

The non-vesting conditions of share-based compensation have been reflected in the measurement of the share-based payments and payment date fair value, and it is not required to make verified adjustments for the difference between the expected result and actual result.

The fair value amount of cash-settled share appreciation rights offered to employees is recognized as expense and the relative liabilities are increased during the period when the employees satisfy the condition for obtaining the compensation. The liabilities are remeasured according to the fair value of the share appreciation rights on each report date and settlement date, and any change thereof is recognized in profit or loss.

The payment date for the share-based payments of the Company refers to the subscription price approved by the board of directors and the date when employees are permitted to subscribe the shares.

(XIX) Income taxes

Income tax includes both current tax and deferred tax. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payable or receivable on the taxable income (or loss) for the year and any adjustment to tax payable or receivable in respect of previous years. The amount is measured according to the statutory rate or the substantive legislative rate on the reporting date in order to present the most optimal estimation value of the expected payment or receipt amount.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Temporary differences resulting from the following circumstances shall not be recognized as deferred taxes:

1. Assets or liabilities originally recognized for the transactions which don't belong to business combinations, which don't affect accounting profits, taxable income (loss) at the time of transaction;

2. The temporary differences incurred by the equity from investing in subsidiaries, affiliates and joint ventures, of which the Company is able to control the time points for reversing the differences and which would probably not be reversed in the foreseeable future; and

3. Taxable temporary differences incurred by original goodwill recognition.

A deferred tax asset shall be recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extend that it is possible that future taxable profit will be available against which it can be utilized. In addition, such deferred tax assets shall also be reviewed at each reporting date, and are reduced to the extend that it is no longer probable that the related tax benefit will be realized; or the originally reduced amount is reversed within the scope that it is likely to become sufficient taxable income.

Deferred tax shall be measured at the tax rates that are expected to apply to the period when expected temporary difference is reversed, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax assets and liabilities of the Company are only offset against each other when the following criteria are met:

1. The current period's income tax assets and income tax liabilities are offset against each other with legally enforceable rights; and

2. The deferred income tax assets and liabilities are related to one of the taxpayers upon

whom the income taxes are levied by a tax authority:

(1) The same taxpayer; or

(2) Different taxpayers, provided that the taxpayers intend to liquidate the current period's income tax liabilities and assets on a net basis in every future period when a significant amount of such deferred income taxes and liabilities are expected to be recovered and liquidated, or realize assets and discharge liabilities together.

(XX) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of the basic earnings per share of the Company is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding. The calculation of the diluted earnings per share is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after the adjustment of the effects of all dilutive potential ordinary shares.

Potential diluted common shares of the Company include convertible corporate bonds and employee stock options.

(XXI) Information of segments

The Company has disclosed the information of segments in the consolidated financial statements; therefore, information of segments is not disclosed in the unconsolidated financial statements.

V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

When the management performs the preparation of these unconsolidated financial statements, the management is required to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. Any changes in accounting estimates during the period and the impact in the next period are recognized.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the unconsolidated financial statements.

The following assumptions and uncertainties have major risks that may lead to material adjustments in assets and liability carrying amounts in the next fiscal year, and also reflect the impact caused by the COVID-19 pandemic, and relevant information is as follows:

14. (I) Impairment assessment of accounts receivable

The loss allowance for accounts receivable of the Company is estimated based on the assumption of the risk of breach and the expected loss rate. The Company considers the historical experience, current market condition and prospective estimation on each reporting date in order to determine the assumption required to be adopted and selection of inputs during the calculation of impairment loss. Changes in the economic and industrial environment may cause material adjustment in the loss allowance for accounts receivable. Please refer to Note 6(2) for detailed explanation on relevant assumption and inputs.

15. (II) Investment property fair value

The subsequent measurement of investment property of the Company adopts the discounted cash flow analysis method under the income approach for valuation. The input used in the fair value valuation technique is Level 3.

The accounting policies and disclosures of the Company include the use of fair value to measure its financial, non-financial assets and liabilities. The Company establishes a relevant internal control system for the fair value measurement, and the Financial Department is responsible for verifying all material fair value measurements (including Level 3 fair value) and periodically verifies the material inputs and adjustment that cannot be observed. If the inputs used in the measurement of fair value use external third-party information, the Financial Department evaluates the evidence that supports the inputs provided by the third party in order to determine that the valuation and its fair value level classification comply with the requirements of the IFRSs. For the property of the Company, it is assumed that the Company has retained an external appraiser to perform appraisal according to the valuation method and parameters announced by the FSC.

When the Company measures its assets and liabilities, it uses the observable inputs in the market as much as possible. The levels of fair value are classified in the following different levels according to the inputs used in the valuation technique:

- Level 1: Public quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Input parameters other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Input parameters of assets or liabilities not based on the observable market information (non-observable parameters).

In case of any transfer event or condition of fair value among levels, the Company recognizes such transfer at the report date.

Please refer to the following Note 6(6) Investment Property for relevant information on the assumption used for measurement of fair value.

VI. Description of Significant Accounts

16. (I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$ 692	645
Demand deposits	367,046	361,940
Checking accounts	40	51
Time deposits	229,615	193,760
	$ 597,393	556,396

The Company's exposure to interest rate risk and the sensitivity analysis on the financial assets and liabilities of the Company are disclosed in Note 6(20).

17. (II) Notes and accounts receivable (including related parties)

	December 31, 2022	December 31, 2021
Notes receivable	$ 6,547	74,044
Accounts receivable	453,232	609,908
Accounts receivable - related parties	113,977	106,897
Less: Allowance for loss	(202,115)	(177,868)
	$ 371,641	612,981

The Company applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all notes and account receivables. To measure the expected credit losses, the notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including overall economic and relevant industry information. The expected credit loss analysis for notes and accounts receivables of the Company is as follows:

	December 31, 2022		
	Carrying amounts of notes receivable and accounts receivable	Weighted average expected credit loss rate	Estimated credit loss during existence of allowances
Not overdue	$ 343,816	0.9%	3,078
Overdue for less than 90 days	14,163	21.9%	3,101
Overdue for more than 91 days	215,777	25.98%~100%	195,936
	$ 573,756		202,115

	December 31, 2021		
	Carrying amounts of notes receivable and accounts	Weighted average expected credit loss rate	Estimated credit loss during existence of

		receivable		allowances
Not overdue	$	571,717	0.64%	4,167
Overdue for less than 90 days		46,736	14.15%	6,832
Overdue for more than 91 days		172,396	1%~100%	166,869
	$	790,849		177,868

The movement in the allowance for impairment with respect to notes and accounts receivable of the Company is as follows:

		2022	2021
Opening balance	$	177,868	182,811
Current period's provision		24,247	-
Impairment loss reversed		-	(4,943)
Balance at end of the period	$	202,115	177,868

1. The accounts receivable overdue for more than 90 days are mainly from important customers, which purchase optical adhesives from the Company and sell them to large-scale manufacturers which produce various liquid crystal displays in Shenzhen, China. Because of COVID-19, the operations on the upstream and downstream parts of the supply chain have been impacted. As a consequence, the payments for goods have been temporarily suspended. For the purpose of protecting its own rights and interests, the Company has filed civil lawsuits with Xiamen Intermediate People's Court, China, and appropriated allowance for losses.

2. As of December 31, 2021 and 2022, the Company didn't offer any pledge or guarantee for the receivables.

18. (III) Inventories

		December 31, 2022	December 31, 2021
Raw materials and supplies	$	75,872	127,589
Work in progress		38,665	16,072
Finished goods		72,722	67,869
Products		2	3
	$	187,261	211,533

1. Details of the inventory-related losses recognized in 2021 and 2022 are as follows:

		2022	2021
Inventory sale recognition	$	2,229,254	2,397,730
(Reversal of) write-down of inventories		(8,101)	2,521
	$	2,221,153	2,400,251

2. As of December 31, 2021 and 2022, the Company didn't offer any pledge or guarantee for the inventories.

19. (IV) Investment Accounted for Using Equity Method

The investments of the Company accounted for using the equity method at the report date are as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	$ 125,883	127,243

1. Subsidiaries

Please refer to the 2022 consolidated financial statements.

2. Guarantee

As of December 31, 2021 and 2022, the Company didn't offer any pledge or guarantee for the investments made by equity method.

20. (V) Property, Plant and Equipment

Detailed changes in the costs, depreciation and impairment losses of the Company's property, plant and equipment in 2021 and 2022 are as follows:

	Land	Houses and buildings	Machinery and equipment	Other equipment	Leasehold improvement	Uncompleted projects and equipment to be inspected	Total
Cost or deemed cost:							
Balance on January 1, 2022	$ 319,648	1,417,138	1,914,687	176,943	422,924	20,540	4,271,880
Additions	-	294	30,385	2,348	-	36,112	69,139
Disposals and retirements	-	(19,404)	(1,122,767)	(163,854)	(406,406)	-	(1,712,431)
Reclassifications	-	126	128,863	8,397	-	(1,481)	135,905
Balance on December 31, 2022	$ 319,648	1,398,154	951,168	23,834	16,518	55,171	2,764,493
Balance on January 1, 2021	$ 319,648	1,413,474	1,948,610	213,108	421,524	3,999	4,320,363
Additions	-	1,984	1,346	1,403	1,400	25,082	31,215
Disposals and retirements	-	-	(39,803)	(39,895)	-	-	(79,698)
Reclassifications	-	1,680	4,534	2,327	-	(8,541)	-
Balance on December 31, 2021	$ 319,648	1,417,138	1,914,687	176,943	422,924	20,540	4,271,880
Depreciation and impairment loss:							
Balance on January 1, 2022	$ -	630,470	1,866,631	172,032	377,195	-	3,046,328
Depreciation in the current year	-	71,322	48,882	2,360	22,050	-	144,614
Disposals and retirements	-	(19,404)	(1,122,767)	(163,854)	(382,727)	-	(1,688,752)
Balance on December 31, 2022	$ -	682,388	792,746	10,538	16,518	-	1,502,190
Balance on January 1, 2021	$ -	557,843	1,867,723	204,234	344,681	-	2,974,481
Depreciation in the current year	-	72,627	38,711	7,693	32,514	-	151,545
Disposals and retirements	-	-	(39,803)	(39,895)	-	-	(79,698)
Balance on December 31,	$ -	630,470	1,866,631	172,032	377,195	-	3,046,328

		Land	Houses and buildings	Machinery and equipment	Other equipment	Leasehold improvement	Uncompleted projects and equipment to be inspected	Total
2021								
Carrying value:								
December 31, 2022	$	319,648	715,766	158,422	13,296	-	55,171	1,262,303
January 1, 2021	$	319,648	855,631	80,887	8,874	76,843	3,999	1,345,882
December 31, 2021	$	319,648	786,668	48,056	4,911	45,729	20,540	1,225,552

1. For adjusting its business strategies, the Company narrowed the lease scope of Nanke Plant in November 2022, and entrusted a clearing and transportation service provider to recycle the wastes produced during leasehold improvement. Certain objects are still within their useful life, so a total amount of NT$ 23,379 was recognized as scrapping losses. For details of related profit and loss, please refer to Note 6 (19).

2. As of December 31, 2021 and 2022, pledge and guarantee had been offered to certain financial institutions. For details, please refer to Note 8.

21. (VI) Investment Property

Investment properties refer to assets owned by the Company, and for the lease of investment properties, the original non-cancellable period is 10 years. For investment properties already leased out, the rental incomes are fixed amounts.

Statement of changes in investment property of the Company is as follows:

		Proprietary assets		
		Land	Houses and buildings	Total
Cost or deemed cost:				
Balance on January 1, 2022	$	375,972	762,090	1,138,062
Net (loss) gain arising from fair value adjustments		43,396	(35,467)	7,929
Balance on December 31, 2022	$	**419,368**	**726,623**	**1,145,991**
Opening balance on January 1, 2021	$	293,165	821,903	1,115,068
Net (loss) gain arising from fair value adjustments		82,807	(59,813)	22,994
Balance on December 31, 2021	$	**375,972**	**762,090**	**1,138,062**

The inputs used in the fair value valuation technique for the subsequent measurement of investment property of the Company belongs to Level 3. Please refer to the aforementioned statement of change for details of the adjustment of carrying amounts at the beginning and end of the period for Level 3. Besides, there were no transfers to or from Level 3 of the fair value hierarchy in the current period.

For the subsequent measurement of investment property of the Company adopting the discounted cash flow analysis method under income approach for valuation, relevant

Notes to the G-TECH Optoelectronics Corporation Unconsolidated Financial Statements (continued)

important contract terms and valuation information is as follows:

1. December 31, 2022

Subject property	Land and buildings of three factories in
Important contract terms	1. Rent: NT$ 5,867 thousand/month 2. Lease term: 136 months 3. Total taxes annually borne by the lessor in the future: NT$ 2,422 thousand
Local rent status	NT$ 130~NT$ 160/m2/month
Rent status of similar property	NT$ 140/m2/month
Current condition	Normal use
Past income amount	NT$ 140/m2/month
Income capitalization rate	4.543%
Discount rate	95%
Outsourced or own appraisal	tsourced appraisal
Appraisal firm	Hua Shin Appraisers Firm
Name of appraiser	Chen-Hsu Chiang, Chih-Ming Cheng
Date of appraisal	September 30, 2022
Outsourced appraisal fair value	NT$ 1,145,991 thousand

2. December 31, 2021

Subject property	Land and buildings of three factories in
Important contract terms	1. Rent: NT$ 5,867 thousand/month 2. Lease term: 136 months 3. Total taxes annually borne by the lessor in the future: NT$ 7,421 thousand
Local rent status	NT$ 130~NT$ 160/m2/month

Notes to the G-TECH Optoelectronics Corporation Unconsolidated Financial Statements (continued)

Rent status of similar property	NT$ 140/m2/month
Current condition	Normal use
Past income amount	NT$ 140/m2/month
Income capitalization rate	4.503%
Discount rate	0%
Outsourced or own appraisal	tsourced appraisal
Appraisal firm	Hua Shin Appraisers Firm
Name of appraiser	Chen-Hsu Chiang, Chih-Ming Cheng
Date of appraisal	2021/9/30
Outsourced appraisal fair value	NT$ 1,138,062 thousand

According to Article 34 of the Technical Rules for Real Estate Valuation, the valuation procedures of the equity method include calculating effective gross income, total expenses, net profit, discount rate and earnings price. The estimation of the aforementioned parameters refers to relevant data of the subject property for appraisal and comparable property with identical or similar characteristics in the most recent three years. Adjustment is made through comprehensive determination of the continuity, stability and growth status in order to confirm the availability and reasonableness of the data. The change status of the income (cash inflow) and expense (cash outflow) of each period is determined based on the past income and expense (cash flow) of the subject property, comparable property income and expense (cash flow) in the same industry or substituting comparable property, idle or loss ratio and present or possible planned income and expense in the future. The objective net income after the deduction of total expense from the total revenue is based on the objective net income of the subject property under the most effective use, and the incomes of similar properties in the neighborhood under the most effective use conditions are used as a reference for the estimation.

The determination of the discount rate adopts the risk premium method, and it considers the factors of the time deposit interest rate of the bank, government bond interest rate, risk of property investment, currency change status and change trend of property price, etc., in order to determine the likely rate of return on the most common investment, thereby adjusting the differences of individual characteristics between the investment and the subject property. The discount rate was determined as the dynamic interest rate of small-sum two-year postal demand deposits announced by Chunghwa Post Co., Ltd. plus 0.75%, namely 2.095%, which was adopted as the benchmark interest rate. In addition, revenue, liquidity, risk, appreciation, management difficulty and other factors of the subject property were taken into account. As of December 31, 2022 and 2021, risk premiums were accrued at 1.8% and 2.0% respectively. Thus, the discount rate of the subject property as at December 31, 2022 and 2021 was determined as 3.895% and 3.6% respectively. For estimation of revenue capitalization, after dividing the net profit of the subject property for comparison by the price, the revenue capitalization rate as of December 31, 2022 and 2021 was calculated as 4.543% and 4.503% respectively by weighted average.

The aforementioned fair value valuation technique and material unobservable inputs are explained in the following table:

Fair value valuation technique	Material unobservable inputs	Relationships between material unobservable inputs and fair value measurements
Perform discounted cash flow analysis under income approach for evaluation based on the contract rent provided by the Company during the lease term, and after the lease term expires, the evaluation is performed based on the market rent. Discounted cash flow analysis under income approach: This refers to the net income and value at the end of the period during the future discounted cash flow of the subject property analysis period, and after discount at appropriate discount rate the sum of the estimated subject property values are added. Such method is applicable to the property investment evaluation for the purpose of investment.	• Discount rate after risk adjustment (3.895% and 3.6% respectively as at December 31, 2022 and December 31, 2021).	The estimated fair value will be increased (or decreased) if: • After adjustment, the discount rate will decline (increase).

Investment property refers to facilities leased out to others, and the lease contract includes the original non-cancellable lease period, and the subsequent lease period is negotiated with the lessee, and rent is either collected or not yet collected. Please refer to Note 6(11) for relevant information.

As of December 31, 2022 and 2021, the Company didn't offer any pledge or guarantee for the investment property. For details, please refer to Note 8.

22. (VII) Other financial assets (including current and non-current)

	December 31, 2022	December 31, 2021
Time deposits - general	$ 50,000	-
Time deposits - pledged	2,557	64,830
Restricted demand deposit	342,500	203,000
Accrued rent receivable	4,365	3,045
Income tax refund receivable	3,632	4,586
Refundable deposits - non-current	4,739	4,809
Others	147	111
	$ 407,940	**280,381**

23. (VIII) Short-term Borrowings

Statement of short-term borrowings of the Company is as follows:

	December 31, 2022	December 31, 2021
Letter of credit loan	$ 3,792	11,497
Unsecured bank loans	60,000	140,000
Secured bank loans	330,000	382,864
	$ 393,792	**534,361**
Unused amount	**$ 236,208**	**95,639**
Interest rate interval	**2.22%~2.54%**	**1.0499%~1.825%**

1. For details of some assets pledged and mortgaged by the Company as guarantee for short-term loans from banks, please refer to Note 8.

2. For details about the Company's exposure to the interest rate and liquidity risks, please refer to Note 6 (20).

24. (IX) Long-term Borrowings

Statement, criteria and terms of long-term borrowings of the Company are as follows:

	December 31, 2022			
	Currency type	Interest rate interval	Maturity year	Amount
Unsecured bank loans	NTD	1.97%~2.05%	2025~2026	$ 195,825
Secured bank loans	NTD	1.345%~2.42%	2023~2028	1,247,015
				1,442,840
Less: Portion with maturity due in one year				(214,684)

Total	$	1,228,156
Unused amount	$	-

	December 31, 2021				
	Currency type	Interest rate interval	Maturity year		Amount
Unsecured bank loans	NTD	1.48%	115	$	38,000
Secured bank loans	NTD	0.72%~2.405%	2022~2028		1,301,230
					1,339,230
Less: Portion with maturity due in one year					(273,781)
Total				$	1,065,449
Unused amount				$	-

1. Collaterals for bank loans

   Please refer to Note 8 for details on the status of the collaterals provided for bank loans with a portion of assets under pledge setting of the Company.

2. For details about the Company’s exposure to the interest rate and liquidity risks, please refer to Note 6 (20).

25. (X) Bonds Payable

Information on the Company's issuance of secured convertible bonds is as follows.

		December 31, 2022	December 31, 2021
Total amount of issued convertible bonds	$	500,000	500,000
Unamortized amount of discount on bonds payable		(7,203)	(12,952)
Ending balance of bonds payable	$	492,797	487,048

		2022	2021
Embedded derivatives - right of redemption (present the financial assets measured at fair value through profit or loss)	$	-	1,250
Equity component-—conversion option (recognized as capital surplus—-share option)	$	12,724	12,724
Embedded derivatives - right of redemption based on the losses remeasured at fair value (accounted as other profit or loss)	$	(1,250)	(1,000)
Interest expense	$	5,749	4,344

On March 26, 2021, the Company issued 5,000 three-year secured convertible corporate bonds with coupon rate of 0% and carrying value of NT$ 100 thousand at an effective interest rate of 1.33%.

At the time of issuance, the conversion price was determined as NT$ 35.86 per share. Where the Company issued ordinary shares in compliance with the issuance clauses on adjustment of conversion price, the conversion price shall be adjusted as per the formula specified under the issuance clauses. No terms are re-established for these bonds.

In May 2022, the Company handled formalities for capital increase in cash. According to Article 11 of the Rules Governing Domestic Third Issuance and Conversion of Secured Convertible Corporate Bonds, the conversion price shall be adjusted. From May 23, 2022, the conversion price was adjusted from NT$ 35.86 to NT$ 35.57.

From the following day of the end of three months after the issuance of the convertible corporate bonds (June 27, 2021) to 40 days before the expiry of the issuance period (February 25, 2024), if the closing price of the Company's ordinary shares at the securities dealer's premise is 30% (including the figure) higher than the prevailing conversion price for thirty consecutive business days, or the outstanding balance of the convertible corporate bonds is 10% lower than the total original issue price, such convertible corporate bonds shall be redeemed from the holders in cash based on their carrying value.

The convertible bonds are repayable in cash at par value upon maturity.

(XI) Operating Leases

For the lease on the investment property and a portion of the facilities of the Company, since nearly all of the risks and remunerations associated with the ownership of the underlying asset are not transferred, the lease contracts are classified as operating lease. Please refer to Note 6(6) Investment Property for details.

The due lease payment is analyzed based on the undiscounted lease payment total amount that will be collected after the report date, as described in the following table:

	December 31, 2022	December 31, 2021
Less than one year	$ 72,762	72,762
One to two years	72,762	72,762
Two to three years	72,762	72,762
Three to four years	72,762	72,762
Four to five years	72,762	72,762
More than five years	274,863	347,625
Undiscounted lease payment total amount	**$ 638,673**	**711,435**

The rental income from the investment property amounted to NT$ 72,762 in both 2022 and 2021.

(XII) Employee Benefits

1. Defined contribution plan

According to the defined contribution plan of the Company, 6.00% shall be appropriated from the labor workers' monthly salaries to their individual pension accounts as specified by the Rules on Labor Workers' Pensions. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The pensions appropriated by the Company according to the pension appropriation measures in 2022 and 2021 are as follows:

		2022	2021
Operating costs	$	11,812	10,236
Selling and marketing expenses		854	846
Administrative expenses		2,448	2,319
Research and development expenses		1,155	1,021
	$	16,269	14,422

NT$ 18,566 thousand and NT$ 15,519 thousand were appropriated to the Bureau of the Labor Insurance as pensions for 2022 and 2021 respectively according to the pension appropriation measures.

2. Short-term employee benefits and liabilities

		December 31, 2022	December 31, 2021
Short-term leave with pay liabilities	$	9,409	9,348

(XIII) Income Tax

1. Details of the income tax expenses recognized in 2022 and 2021 are as follows:

		2022	2021
Current tax expenses			
Adjustment of current income tax for the previous period	$	-	(13)
Income tax expense	$	-	(13)

Details of the income tax expenses recognized by the Company as other comprehensive profit or loss in 2022 and 2021 are as follows:

2. The relationships between the Company's income tax expenses and the net pre-tax losses are adjusted as follows:

2022	2021

Loss before tax	$	(315,593)	(120,808)
Income tax calculated according to the domestic tax rate of the country of the Company		(63,119)	(24,161)
Change of unrecognized temporary differences		63,119	24,161
Overestimation in the previous period		-	(13)
Income tax expense	**$**	**-**	**(13)**

3. Income tax expenses

(1) Unrecognized deferred income tax assets

The items not recognized as deferred tax assets by the Company are as follows:

		December 31, 2022	December 31, 2021
Deductible temporary differences	$	47,762	52,655
Aggregate amount of temporary differences related to investments in subsidiaries		404,454	404,182
Tax loss		1,229,312	1,142,203
	$	**1,681,528**	**1,599,040**

Regarding tax losses, according to the provisions of the Income Tax Act specifying that losses of the past ten years approved by the taxation authority may be deducted from the net profit of the current year, followed by the payment of the income tax. The reason for not recognizing such items as deferred income tax assets is because the Company is not very likely to have sufficient taxable income in the future for deductible temporary difference use.

As of December 31, 2022, the Company had not recognized taxable losses of deferred income tax assets, of which the deduction periods are as follows:

Year with loss		Non-deducted loss	Final year for deduction
Approved value for 2013	$	209,457	2023
Approved value for 2014		910,923	2024
Approved value for 2015		1,073,944	2025
Approved value for 2016		457,378	2026
Approved value for 2017		1,862,692	2027
Approved value for 2018		337,430	2028
Approved value for 2019		346,172	2029
Approved value for 2020		277,181	2030
Declared value for 2021		252,688	2031
Estimated value for 2022		418,693	2032
	$	**6,146,558**	

(2) Recognized deferred income tax assets and liabilities

Changes in the deferred income tax assets and liabilities in 2022 and 2021 are as follows:

Deferred tax assets:

	Loss deduction
January 1, 2022	$ 4,643
Recognized in income statement	394
December 31, 2022	**$ 5,037**
January 1, 2021	$ -
Recognized in income statement	4,643
December 31, 2021	**$ 4,643**

Deferred income tax liabilities:

	Investment property
January 1, 2022	$ 53,451
Recognized as profit or loss	395
December 31, 2022	**$ 53,846**
January 1, 2021	$ 48,808
Recognized in income statement	4,643
December 31, 2021	**$ 53,451**

4. The Company's settlement and declaration of the business income taxes had been approved by the taxation authority as of 2020.

(XIV) Capital and Other Equity

1. Ordinary shares

As at December 31, 2022 and 2021, the Company's authorized share capital amounted to NT$ 5,000,000 thousand with par value of NT$ 10 per share, and 500,000 shares in each year. All shares concerned in the foregoing authorized share capital were ordinary shares. In 2022 and 2021, 224,186 thousand and 206,394 thousand shares were issued respectively. All proceeds from shares issued have been collected.

As resolved by the Board of Directors on December 20, 2021, the Company issued new shares for capital increase and intended to issue 17,000 thousand shares with par value of NT$ 10 per share. The aforementioned proposal for capital increase in cash was approved upon declaration and took effect on January 26, 2022. As decided by the chairman as authorized by the Board of Directors through resolution, the issue price per share was NT$ 20, and the total issue price amounted to NT$ 340,000 thousand. In addition, on April 18, 2022, the placement period was extended for three months as approved by the FSC to July 25, 2022. On May 23, 2022, the share payments were fully collected, and this date was determined as the base date for capital increase. On June 6, 2022, the legal registration procedures were completed.

From January 1, 2022 to December 31, 2022, the employees of the Company subscribed to 7,920 shares. On January 16, 2023, the change registration was completed.

2. Capital surplus

The capital surplus balance content of the Company is as follows:

	December 31, 2022	December 31, 2021
Premium of issued shares	$ 173,176	-
Share-based payments	10,878	6,224
Convertible corporate bonds	12,724	12,724
	$ 196,778	18,948

In accordance with the Company Act, after having first offset losses using capital surplus, the realized capital surplus can be used to issue new shares or cash dividends according to the original percentage of shares of shareholders. The aforementioned realized capital surplus includes share premiums from the outstanding shares issued at a price above the par value and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to increase share capital shall not exceed 10% of the paid-in capital amount.

On July 15, 2021, the Company's 2020 loss recovery plan was resolved at the general shareholders' meeting, and the losses were recovered with capital surplus of NT$ 15,958 thousand. Related information is available from channels like MOPS.

3. Retained earnings

The Company shall distribute its earnings or appropriate an amount for loss recovery at the end of half of a fiscal year. If there is still surplus in the final accounts for half of a fiscal year, an amount shall first be appropriated for paying taxes, recovering accumulated losses and paying the estimated remuneration to the retained employees. Subsequently, 10% shall be appropriated as statutory surplus reserve, but this shall not apply if the statutory surplus reserve has been up to the total capital of the Company. In addition, the special surplus reserves shall be appropriated or reversed according to laws, regulations or rules of competent authorities. If there is still surplus, the shareholder dividends shall be determined as the sum of the surplus and the accumulated undistributed earnings for the first half of the fiscal year. The distribution proposal shall be drafted by the Board of Directors, and to issue new shares for distribution, a request shall be made to the shareholders' meeting for resolving the distribution. The distribution in cash shall be resolved by the Board of Directors.

If there is a surplus in the Company's annual final accounts, the Company shall first pay off the taxes, make up for the accumulated losses and allocate 10% as statutory surplus reserve. However, this provision shall not apply if the statutory surplus reserve has reached the total capital of the Company. In addition, the special surplus reserves shall be appropriated or reversed according to laws, regulations or rules of competent authorities. If there is still surplus, the shareholder dividends shall be determined as the sum of the surplus and the accumulated undistributed earnings for the first half of the fiscal year. The distribution proposal shall be drafted by the Board of Directors, and to issue new shares for distribution, a request shall be made to the shareholders' meeting for resolving the distribution.

To distribute dividends and bonuses or statutory surplus reserve and capital reserve in cash in whole or in part, the Board of Directors may be authorized to hold a meeting with the presence of more than two thirds of directors. Such distribution may be performed only if approved by over half of the directors present at the meeting, and reported to the shareholders' meeting.

At present, the Company is in a phase of growth. In the future, it will expand for business development. For earning distribution, it shall consider its future budget for capital expenditures and capital requirements. However, the dividends distributed to the shareholders shall not be lower than 20% of the period's earnings after tax or the period's distributable earnings whichever are lower. Among the dividends distributed in the current year, the cash dividends shall not be below 50%.

(1) Statutory surplus reserve

When a company incurs no loss, it may, pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares or cash; however, it shall be limited to the portion of legal reserve exceeding 25% of the issued share capital.

(2) Surplus distribution

On June 24, 2022 and July 15, 2021, the Company's 2021 and 2020 loss recovery plans were resolved at the general shareholders' meetings. Related information is available from channels like MOPS.

4. Other equity (net profit after tax)

	Difference in exchange from the conversion of financial statements of overseas operating entities	Revalued amount of property	Total
Balance on January 1, 2022	$ 161,818	312,687	474,505
Share of translation difference of subsidiaries under the equity method	5,543	-	5,543
Balance on December 31, 2022	**$ 167,361**	**312,687**	**480,048**
Balance on January 1, 2021	$ 163,752	312,687	476,439
Share of translation difference of subsidiaries under the equity method	(1,934)	-	(1,934)
Balance on December 31, 2021	**$ 161,818**	**312,687**	**474,505**

(XV) Share-based Payments

1. As of December 31, 2022 and 2021, the Company had accounted the following share-based payment transactions:

	Equity transactions
Type	**Employee stock option**
Grant date	2020-09-17
Grant quantity (thousand/unit)	3,000
Contract period	4 years
Vesting conditions	Immediate vesting
Actual turnover rate of current period	0%
Estimated turnover rate for the future	0%

On August 21, 2020, the Company issued employee stock options as resolved by the Board of Directors, and a total of 3,000 thousand ordinary shares. The closing price of the Company's ordinary shares on the issue date was determined as the subscription price. The employee stock options were issued within one year after the competent authority's notice regarding declaration effectiveness expired, once or twice dependent upon the actual needs. The aforementioned issued employee stock options took effect on September 16, 2020 after declaration to the Securities and Futures Bureau, Financial

Supervisory Commission. On September 17, 2020, all the employee stock options were issued as resolved by the Board of Directors at fair value of NT$ 10.4 on the grant date. On May 23, 2022, capital was increased, and the fair value was adjusted as NT$ 10.3.

Except that subscribers shall comply with the transfer suspension period of two years after the grant of employee stock options according to the law, the accumulated exercisable subscription rights ratio is as follows:

Stock warrants grant period	2020
Matured for two years	60%
Matured for three years	100%

2. Parameters for fair value measurement on the grant date

The Company estimated the fair value of the share-based payments on the grant date with Black-Scholes option evaluation mode. The inputs of this mode are as follows:

	2020
Dividend rate (Note)	-%
Expected volatility (%)	45.77%
Expected life of stock options (years)	4 years
Risk-free interest rate (%)	0.2916%

Note: According to the Company's 2020 measures for issuing employee stock options, the subscription price was adjusted to the same extent with the distributed dividends (anti-dilution price adjustment), so it was not taken into account in calculation.

3. Details of the aforementioned employee stock options are as follows:

	2022		2021	
	Weighted average strike price (NT$)	Number of stock options (thousand)	Weighted average strike price (NT$)	Number of stock options (thousand)
Outstanding on January 1	$ 10.40	3,000	10.40	3,000
Exercised quantity in current period	10.30	(792)	-	-
Outstanding on December 31	**$ 10.30**	**2,208**	**10.40**	**3,000**

Information on the Company's stock options outstanding as at December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Exercise price interval	$ 10.30	10.40
Weighted-average remaining contractual life (years)	1.75	2.75

4. Employee expenses

The expenses incurred by the Company for share-based payments in 2022 and 2021 are as follows:

	2022	2021
Expenses arising from employee stock options	$ 3,853	5,471

(XVI) Loss per share

	2022	2021
Basic loss per share		
Loss attributable to common shareholders of the Company	$ (315,593)	(120,795)
Number of common shares with retroactive adjustment outstanding shares for basic loss per share	216,922	206,394
Basic loss per share (NT$)	$ (1.45)	(0.59)

Loss was suffered in both 2022 and 2021, without dilution effect, so the diluted loss per share needn't be disclosed.

(XVII) Employee and director remuneration

If the Company makes profit in a year (the reference to profit means the pre-tax profit net of remuneration distributed to employees and directors), 8% shall be appropriated from the profit as employee remuneration and 1‰ shall be appropriated as director remuneration. However, an amount shall be retained for recovering the accumulated losses of the Company if any. The employee remuneration may be made in the form of shares or cash, and the subjects for receiving the shares or cash may include employees of the affiliated companies meeting certain specific criteria and the board of directors shall be authorized to establish said specific criteria. The foregoing matters shall be handled as resolved by the Board of Directors and reported to the shareholders' meeting.

Losses remained to be recovered by the Company in 2022 and 2021, so the amount of employee and director remuneration needn't be estimated and presented. Related information is available from MOPS.

(XVIII) Revenue from Contracts with Customers

1. Revenue subdivision

	2022			
	Optoelectronics	**Green building industry**	**Others**	**Total**
Primary regional markets:				
Taiwan	$ 341,508	195,660	63,388	600,556
Mainland China	190,428	-	1,155,084	1,345,512
U.S.	17,543	-	146	17,689

Others	111,356	-	17,360	128,716
	$ 660,835	195,660	1,235,978	2,092,473
Primary product/service line:				
Photoelectric glass	$ 660,835	-	-	660,835
Green building glass	-	195,660	-	195,660
Others	-	-	1,235,978	1,235,978
	$ 660,835	195,660	1,235,978	2,092,473

	2021			
	Optoelectronics	Green building industry	Others	Total
Primary regional markets:				
Taiwan	$ 479,924	271,408	205,610	956,942
Mainland China	381,186	-	1,041,942	1,423,128
U.S.	16,698	-	171	16,869
Others	11,916	-	22,790	34,706
	$ 889,724	271,408	1,270,513	2,431,645
Main products:				
Photoelectric glass	$ 889,724	-	-	889,724
Green building glass	-	271,408	-	271,408
Others	-	-	1,270,513	1,270,513
	$ 889,724	271,408	1,270,513	2,431,645

2. Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable	$ 775,871	790,849	767,387
Less: Allowance for loss	(202,115)	(177,868)	(182,811)
Total	$ 573,756	612,981	584,576
Contract liabilities	$ 13,260	3,880	3,594

For the disclosures of notes and accounts receivable and impairment thereof, please refer to Note 6(2).

The opening balance of contractual liabilities as at January 1, 2022 and 2021 recognized as revenue amounted to NT$ 3,716 thousand and NT$ 3,100 thousand in 2022 and 2021 respectively.

(XIX) Non-operating Income and Expenses

1. Interest income

Statement of interest income of the Company is as follows:

	2022	2021
Bank deposit interests	$ 4,590	670
Other interest income	-	18,063
	$ 4,590	18,733

2. Other gains and losses

Statement of other gains and losses of the Company is as follows:

		2022	2021
Foreign exchange gains	$	59,936	1,809
Net income on disposal of financial assets at fair value through profit or loss		-	274
Gain (loss) on disposal and retirement of property, plant and equipment		(23,379)	985
Gain on fair value adjustment of investment property		7,929	22,994
Loss on valuation of financial assets at fair value through profit or loss		(1,250)	(1,000)
Rental income		80,100	79,710
Other income		3,069	11,571
Other expenses		(5,812)	(4,346)
	$	120,593	111,997

3. Financial costs

Statement of financial costs of the Company is as follows:

		2022	2021
Interest expense			
Bank borrowings	$	33,200	30,505
Corporate bonds payable		5,749	4,344
Others		6,105	4,055
	$	45,054	38,904

(XX) Financial Instruments

1. Credit risks

(1) Maximum amount of exposure to credit risks

The maximum credit risk exposure of financial assets is equal to their carrying amount.

(2) Concentration of credit risks

The main potential credit risk of the Company comes from the financial commodities of cash and cash equivalents and accounts receivable. The cash of the Company is deposited at different financial institutions. The Company controls the credit risk of each financial institution exposed, and believes that there is no likelihood of obvious concentration of material credit risk in the cash and cash equivalents of the Company.

Customers of the Company are concentrated in the optoelectronics industry, and to reduce accounts receivable credit risk, the Company continues to evaluate the financial status of customers, and periodically evaluates the feasibility of recovery of accounts receivable and appropriates allowance for losses, and impairment loss is within the expectations of the management. As at December 31, 2022 and 2021, the accounts receivable from these customers accounted for 22% and 35% of the Company's total accounts receivable respectively so that the Company's credit risks were significantly centralized.

(3) Credit risks of receivables

Please refer to Note 6(2) for details on the credit risk exposure information related to notes receivable and accounts receivable. Other financial assets measured at amortized cost include other receivables, restricted deposits and certificates of deposits.

The aforementioned financial assets refer to financial assets with low credit risk; therefore, the allowance for losses for such periods is measured according to the 12-month expected credit loss amount (please refer to Note 4(6) for details on how the Company makes the judgment on low credit risk). The movement in the allowance for impairment as at 2022 and 2021 is as follows:

	Other receivables
Balance on January 1, 2022	$ 646
Impairment loss reversed	26
Balance on December 31, 2022	**$ 672**
Balance on January 1, 2021	$ 666
Impairment loss reversed	(20)
Balance on December 31, 2021	**$ 646**

2. Liquidity risks

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying amount	contractual cash flows	Less than 1 year	1-3 years	3-5 years	Over 5 years
December 31, 2022						
Non-derivative financial liabilities						
Secured bank loans	$ 1,580,807	1,659,060	518,494	537,921	584,346	18,299
Unsecured bank loans	255,825	263,309	120,588	114,365	28,356	-
Convertible corporate bonds	492,797	500,000	-	500,000	-	-
Notes and accounts payable (including related parties)	205,905	205,905	205,905	-	-	-
Other payables	102,453	102,453	102,453	-	-	-

	Carrying amount	contractual cash flows	Less than 1 year	1-3 years	3-5 years	Over 5 years
Construction and equipment payable	4,977	4,977	4,977	-	-	-
Lease liabilities	15,113	15,268	14,951	317	-	-
	$ 2,657,877	2,750,972	967,368	1,152,603	612,702	18,299
December 31, 2021						
Non-derivative financial liabilities						
Secured bank loans	$ 1,695,591	1,731,040	649,463	522,205	148,772	410,600
Unsecured bank loans	178,000	212,150	180,964	31,186	-	-
Convertible corporate bonds	487,048	500,000	-	500,000	-	-
Notes and accounts payable (including related parties)	299,891	299,891	299,891	-	-	-
Other payables	120,117	120,117	120,117	-	-	-
Construction and equipment payable	2,871	2,871	2,871	-	-	-
Lease liabilities	108,613	110,441	58,157	52,284	-	-
	$ 2,892,131	2,976,510	1,311,463	1,105,675	148,772	410,600

The Company does not expect that the timing of the occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, or that the actual cash flow amount will be significantly different.

3. Exchange rate risk

(1) Exposure of exchange rate risk

The Company’s financial assets and liabilities exposed to significant exchange rate risk are as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial asset						
Monetary items						
USD : NT$	$ 25,898	30.71	795,313	37,726	27.68	1,044,251
EUR : NT$	48	32.72	1,565	159	31.32	4,965
RMB : NTD	174	4.408	769	436	4.344	1,896
Non-monetary items						
USD : NT$	1,693	30.71	51,990	4,597	27.68	127,243
Financial liability						
Monetary items						
USD : NT$	5,866	30.71	180,133	14,045	27.68	388,777

(2) Sensitivity analysis

The Company’s exposure to foreign currency risk mainly comes from cash and cash equivalents, accounts receivable, loans and borrowings, and accounts payable that are denominated in foreign currencies, and foreign exchange gain or loss occurs during the translation. Where TWD depreciated or appreciated by 1% compared with USD, euro and RMB and all other factors remained unchanged as at December 31, 2022 and 2021, the net loss after tax decreased or increased by NT$ 4,942 thousand and NT$ 5,299 thousand in 2022 and 2021 respectively. The analysis for the two periods adopted the same basis.

(3) Exchange gain or loss of monetary items

The information on the amount of exchange gain or loss (including realized and unrealized) of monetary items of the Company translated to the functional currency of NT$ (i.e. the presentation currency of the Company) is as follows:

	2022		2021	
	Exchange gain (loss)	**Average exchange rate**	**Exchange gain (loss)**	**Average exchange rate**
TWD	$ 59,936	29.88	1,809	27.96

4. Analysis of interest rate

Please refer to the note on liquidity risk management for the interest rate exposure of the Company's financial assets and liabilities.

The sensitivity analyses below were determined based on the exposure to interest rates for non-derivative instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the report date was outstanding throughout the year. The interest rate increased of decreased by 1% when the Company internally reported the interest rate to the main management. This represented the evaluation of the reasonable change range of the interest rate by the management.

Where the interest rate increased or decreased by 1% and all other factors remained unchanged, the Company's net profit declined or increased by NT$ 9,449 thousand and NT$ 18,736 thousand in 2022 and 2021 respectively, mainly because the Company loaned at variable interest rate.

5. Information on fair value

(1) Types and fair value of financial instruments

The financial assets and liabilities measured at fair price through profit or loss of the Company are measured at fair price based on the repetitiveness. The information on the carrying amount and fair value of various financial assets and financial liabilities (including fair value and level information; however, for the carrying amount of financial instruments not measured at fair value as the reasonable close value of fair value, and lease liabilities, their fair values are not required to be disclosed according to the regulations) is as follows:

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ -	-	-	-	-
Financial assets at amortized cost					
Cash and cash equivalents	597,393	-	-	-	-
Notes and accounts receivable (including related parties)	371,641	-	-	-	-
Other financial assets - (current and non-current)	407,940	-	-	-	-
Subtotal	1,376,974	-	-	-	-
Total	$ 1,376,974	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 393,792	-	-	-	-
Notes and accounts payable (including related parties)	205,904	-	-	-	-
Other payables	102,453	-	-	-	-
Construction and equipment payable	4,977	-	-	-	-
Lease liabilities (current and non-current)	15,114	-	-	-	-
Corporate bonds payable	492,797	-	-	-	-
Long-term borrowings (including the portion with maturity in one year)	1,442,840	-	-	-	-
Total	$ 2,657,877	-	-	-	-

	December 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 1,250	-	1,250	-	1,250
Financial assets at amortized cost					
Cash and cash equivalents	556,396	-	-	-	-
Notes and accounts receivable (including related parties)	612,981	-	-	-	-
Other financial assets - (current and non-current)	280,381	-	-	-	-
Total	$ 1,451,008	-	1,250	-	1,250

Financial liabilities measured at amortized cost					
Short-term borrowings	$ 534,361	-	-	-	-
Notes and accounts payable (including related parties)	299,891	-	-	-	-
Other payables	120,117	-	-	-	-
Construction and equipment payable	2,871	-	-	-	-
Lease liabilities (current and non-current)	108,613	-	-	-	-
Corporate bonds payable	487,048	-	-	-	-
Long-term borrowings (including the portion with maturity in one year)	1,339,230	-	-	-	-
Total	**$ 2,892,131**	**-**	**-**	**-**	**-**

(2) Fair value valuation techniques for financial instruments not measured at fair value

The methods and assumptions the Company adopted to estimate the instruments not measured at fair value are as follows:

(2.1) Financial assets and liabilities measured at amortized costs

If there is transaction or quote information from a market maker, then the latest transaction price and quote information are used as the basis for the evaluation of the fair value. If no market price is available for reference, then a valuation method is used for estimation. The estimation and assumption adopted for the valuation method refers to the discounted value of the cash flow estimated fair value.

(3) Fair value valuation techniques for financial instruments measured at fair value

(3.1) Non-derivative financial instruments

When a financial instrument has an active market open quote, then the open quote of the active market is used for the fair value. For the market price of the main exchange and announced by the exchange center of the central government determined to be on-the-run securities, the publicly listed equity instruments and debt instruments with an active market open quote are determined to have a basis for fair value.

If an open quote of a financial instrument can be timely and frequently obtained from an exchange, broker, underwriter, industry association, pricing service institution or competent authority, and the price represents an actual and frequently occurring fair market transaction, then the financial instrument has an active market open quote. If the aforementioned criteria are not met, then the market is deemed to be inactive. In general, when the bid-ask spread is great, and the bid-ask spread obviously increases or the trading volume is small, then it serves as indicators of an inactive market.

Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. For the fair value of financial instruments measured by using valuation techniques, reference can be made to the current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculations by model using market information available at the balance sheet date.

If a financial instrument held by the Company has no active market, then its fair value is determined according to the following category and attribute:

- Equity instrument without open quote: The market comparable company method is used to estimate the fair value, and its main assumption is to use the rate of return on investees as the basis for measurement. For the estimated value, the discount effect of the lack of market liquidity of such equity security has been adjusted.

(3.2) Derivative financial instruments

The valuation is based on the valuation model widely used and accepted by users in the market, such as discount method and option pricing model. Forward exchange agreement is typically evaluated based on the current forward exchange rate.

(4) Transfer between Level 1 and Level 2

In 2022 and 2021, none of the Company's financial assets or liabilities was transferred.

(XXI) Financial risk management

1. Summary

The Company is exposed to the following risks arising from the use of financial instruments:

(1) Credit risks

(2) Liquidity risks

(3) Market risks

This note discloses information about the Company's exposure to the aforementioned risks, and its goals, policies and procedures regarding the measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the unconsolidated financial statements.

2. Risk management framework

The board of directors is fully responsible for the establishment and oversight of the risk management framework of the Company. For the board of directors, the chairperson's office is responsible for the development and control of the financial risk management policies of the Company and to provide reports on the operation thereof to the board of directors periodically.

The establishment of the financial risk management policy of the Company is to identify and analyze the financial risk faced by the Company, and to set up appropriate financial risk limits and control, as well as to monitor risk and risk limit compliance. The financial risk management policy is reviewed periodically to reflect market conditions and changes in the operation of the Company. The Company, through training, management standards and operation procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee of the Company monitors the management personnel, such as monitoring of the financial risk management policy and procedure compliance of the Company, and reviews the appropriateness of relevant financial management framework for the risks faced by the Company. The internal auditing personnel of the Company provides assistance to the board of directors of the Company to perform their role of supervision. Such personnel undertakes both regular and ad hoc reviews of risk management controls and procedures, and the results thereof are reported to the audit committee.

3. Credit risks

Credit risk refers to the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Company's receivables from customers' notes and accounts as well as bank deposits.

(1) Accounts receivable and other receivables

The credit risk exposure of the Company is mainly affected by the individual condition of each customer. However, the management considers the basic statistical data of customers of the Company, including the industry of customers and country default risk since such factors may affect the credit risk.

The Company has established a credit policy, and according to such policy, before the Company makes standard payment and delivery terms, it is necessary to analyze the credit raking of each new customer individually.

The Company has set up an allowance for bad debt account to reflect the estimated losses arising from notes receivable and others receivable as well as investments. The allowance for debt account mainly consists of a specific loss component relating to individually significant exposure, and a combinational loss component established for losses already occurred but not yet identified in similar asset groups. The combinational loss account allowance account is determined based on the statistical data of past payments of similar financial assets.

(2) Investments

The credit risk of bank deposits and other financial instruments is measured and monitored by the financial department of the Company. Since the transaction counterparties and the contract performance parties of the Company are banks with excellent credit standing, there are no non-compliance issues; therefore, there is no significant credit risk.

(3) Guarantee

The Company's policy is executed in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. As of December 31, 2022 and 2021, the Company had not offered any endorsement or guarantee.

4. Liquidity risks

Liquidity risk refers to the risk that the Company is unable to deliver cash or other financial assets for repayment of financial debts, and the risk of failure to perform relevant obligations. The Company's liquidity management method is to ensure that under general conditions and conditions of pressure, the Company is still able to have sufficient working capital capable of paying liabilities that are due for payment, such that unacceptable loss would not occur or the risk of the reputation of the Company being damaged would not occur.

As at December 31, 2022 and 2021, the loans not utilized by the Company amounted to NT$ 236,208 thousand and NT$ 95,639 thousand respectively.

5. Market risks

Market risk refers to the risk in the change of market prices, such as foreign exchange rates and interest rates, affecting the Company's income or the value of holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within an acceptable range, and to optimize investment returns.

To manage the market risk, the Company engages in derivative instrument transactions and also generates financial assets and liabilities accordingly. The all transactions were executed in accordance with the instructions of the board of directors.

(1) Exchange rate risk

The Company is exposed to currency risk on transactions of sales, purchases and loans that are denominated in a currency other than the respective functional currencies of the Group. The functional currencies of the Group are mainly NTD and USD. The main pricing currency for such transactions is NTD and USD.

In addition, based on the principle of natural hedging, the Company performs hedging according to the capital demand of each currency and the net position with respect to the market exchange condition.

(2) Interest rate risk

The Company's policy is to ensure that the loan interest rate change risk exposure is evaluated according to the international economic status and market interest rates.

(XXII) Capital management

The Company's capital management objective is to safeguard the Company's ability to continue as a going concern in order to continue to provide returns for shareholders and interests of other stakeholders, as well as to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, execute capital reduction to return share capital to shareholders, issue new shares or sell assets in order to repay debts.

The Company, similar to others in the same industry, uses the debt-to-capital ratio as the basis for capital control and monitoring. Such ratio is calculated by dividing the net liabilities by the total capital. The net liabilities refer to the total liabilities indicated on the balance sheet less cash and cash equivalents. Total capital refers to all components (i.e. share capital, capital surplus, retained earnings and other equity) of equity plus net liabilities.

The Company's capital management strategies in 2022 were the same as those in 2021. To be specific, they were intended to ensure that the Company could finance at reasonable costs.

The Company's debt-to-capital ratio as at December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 2,769,457	3,010,732
Less: Cash and cash equivalent	(597,393)	(556,396)
Net liabilities	2,172,064	2,454,336
Total equity	1,478,459	1,432,759
Capital after adjustment	**$ 3,650,523**	**3,887,095**
Debt-to-capital ratio	**59.50%**	**63.14%**

In 2022, the Company repaid its loans and increased its operating funds by capital increase in cash, thereby causing the drop in the debt-capital ratio.

(XXIII) Investments in Non-cash Transactions and Financing Activities

Details on the changes in property, plant and equipment acquired by the Company in 2022 and 2021 are as follows:

	2022	2021
Purchase of property, plant and equipment in the current period	$ 69,139	31,215
Add: Equipment and construction payables at beginning of the period	2,871	3,424
Less: Equipment and construction payables at end of the period	(4,977)	(2,871)
	$ 67,033	**31,768**

(XXIV) Sound Financial Plan

Due to rapid changes in the industry, the Company has suffered continuous loss in recent years, and the management of the Company has consecutively adopted the following measures in order to ensure the operation of the Company and to improve the financial structure and cash flow in a positive direction. In response to these circumstances, the Company plans to adopt the following plans:

Notes to the G-TECH Optoelectronics Corporation Unconsolidated Financial Statements (continued)

1. Operation

(1) Actively integrate core technologies of the Company to satisfy the requirements for high-level customization of terminal products and adapt to new technologies. Continuously enhance and adjust the abilities to get orders from the market, to consolidate and develop market, satisfy customer requirements and reinforce foundations for boosting the increase in the market share.

(2) Extend to industries related to vehicle-borne industrial computers and intelligent buildings to diversify operations. Decrease reliance upon the industry of consumer electronics, constantly develop new products and adjust market position to increase sales of niche products.

(3) Expand customer bases and extend product applications in relation to core competences. Realize speed, service, cost and quality objectives.

(4) Plan promotions of glass products.

(a) Combine E-beam evaporation technology with ion assisted precise optical coating quality technology.

(b) Develop and promote multi-curved glass hot forming designs for vehicle-borne displays and interiors.

(c) Promote application of electrochromic curtain glass.

2. Management

(1) Implement policies for streamlining organizational structure and take full advantage of outsourcing advantages to strictly control costs.

(2) Improve production management efficiency, reduce material losses, perform stringent inventory management and decrease loss of obsolescence.

(3) Increase accuracy of sales forecasts, strictly control raw material procurement, enhance flexibility of capital utilization, improve efficiency and lower operating costs.

(4) Facilitate introduction of materials from the second source, effectively control and lower material costs.

(5) Strictly control auditing of expenditures. Reduce expenditures and unnecessary wastes.

(6) Focus on introducing new technologies or processes in the future; increase the capital expenditures necessary for improving production efficiency of machines and equipment, and perform strict analysis of returns on investments, to maximize benefits of capital expenditures.

3. Finance

(1) Plan cost reduction, tighten expenditures, keep funds at a safe level and decrease backlog

of working capital.

(2) Constantly negotiate about bank lines and strengthen cooperation with banks, to increase working capital.

VII. Related Party Transactions

26. (I) Names of related parties and relationships

The related parties of subsidiaries of the Company and others that have had transactions with the Company during the periods covered in these unconsolidated financial statements are as follows:

Related party name	Relationship with the Company	Remarks
Hon Hai Precision Industry Co., Ltd.	Investees indirectly evaluated by the Company with equity method	Note 1
Chin Ming Glass Co., Ltd.	The chairperson of this company is a relative within the second degree of kinship of the chairperson of the Company	
PT. Sharp Electronics Indonesia	Its ultimate parent company is an investment company using the indirect equity method on the Company	Note 1
FIH (Hong Kong) Limited	"	"
Asia Pacific Telecom Co., Ltd.	"	"
Nanjing Innolux Optoelectronics Ltd.	"	"
Futaihua Industry (Shenzhen) Co., Ltd.	"	"
Foxconn Global Network Corporation	"	"
General Interface Solution Business (Shenzhen) Co., Ltd.	"	"
Innolux Corporation	"	"
Chiun Mai Communication Systems Inc.	"	"
Foshan Innolux Optoelectronics Ltd.	"	"
Ennoconn Corporation	"	"
Ningbo Innolux Optoelectronics Ltd.	"	"
Ningbo CarUX Technology Co., Ltd.	"	"
Hongfutai Precision Electrons (Yantai) Co., Ltd.		"
XINGFOX ENERGY TECHNOLOGY CO., LTD.	"	"
FOXCONN TECHNOLOGY CO., LTD.	"	"
CARUX TECHNOLOGY PTE. LTD. Tainan Branch	"	"
Fast Achievement Global Ltd.	Subsidiary of the Company	
Golden Start Global Corp.		
Charmtex Global Corp.		
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	"	
Brave Advance International Corp.	Associates of the Company	
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	"	

Note 1: No longer an associate of the Company from January 1, 2023.

27. (II) Significant related party transactions and balances

1. Operating revenue

The significant sales of the Company to related parties were as follows:

		2022	2021
Innolux Corporation	$	258,138	214,779
Other related parties		360,853	212,773
	$	618,991	427,552

The Company's selling price and collection term for other related parties is monthly settlement within 45 to 120 days, without significant difference from general customers.

2. Purchase

Purchase costs of the Company from related parties were as follows:

		2022	2021
Other related parties:			
Futaihua Industry (Shenzhen) Co., Ltd.	$	948,880	780,074
Other related parties		24,583	65,734
	$	973,463	845,808

The related parties from which the Company makes purchases are single suppliers, for which the payment term is monthly settlement within 45 to 90 days. The payment terms for general suppliers are LC120 days and monthly settlement within 30 to 90 days.

3. Receivables from related parties

Statement of receivables from related parties of the Company is as follows:

Item	Types of related parties		December 31, 2022	December 31, 2021
Accounts receivable - related parties	Other related parties:			
	Innolux Corporation	$	64,796	61,488
	Other related parties		49,181	45,409
		$	113,977	106,897

4. Payables to related parties

Statement of payables to related parties of the Company is as follows:

Item	Types of related parties		December 31, 2022	December 31, 2021
Accounts payable - related parties	Other related parties:			
	Futaihua Industry (Shenzhen) Co., Ltd.	$	125,816	142,881
	Other related parties		9,010	9,425
Other payables	Other related parties		3,325	6,589
		$	138,151	158,895

5. Lease

In December 2021, the Company rented the office building for Nanke Plant from a related party and entered into a two-year lease contract with reference to the rent of adjacent land. The total contract price was NT$ 101,024 thousand. Subsequently, a new lease contract was concluded upon further negotiation in November 2022 to narrow the lease scope and lower the rent. While the remaining lease term remained unchanged, the total contract price was changed as NT$ 15,654 thousand. The interest expenses recognized in 2022 and 2021 amounted to NT$ 1,253 thousand and NT$ 505 thousand. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to NT$ 13,851 thousand and NT$ 101,024 thousand respectively.

28. (III) Personnel transactions from key management

Remuneration of key management includes:

	2022	2021
Short-term employee benefits	$ 14,724	11,173
Share-based payments	1,028	1,459
	$ 15,752	12,632

VIII. Pledged Assets

Statement of the carrying value of pledged or secured assets of the Company is as follows:

Asset name	Pledged or secured subject matter	December 31, 2022	December 31, 2021
Other financial assets -- current	Customs bonds and bank borrowings	$ 62,557	88,830
Other financial assets-non-current	Corporate bonds payable and bank borrowings	282,500	179,000
Property, plant and equipment	Bank borrowings	1,098,652	1,054,019
Investment property	〃	1,145,991	1,138,062
Prepayments for equipment	〃	77,556	-
		$ 2,667,256	2,459,911

IX. Significant Contingent Liabilities and Unrecognized Commitments

The contract prices for the Company's equipment purchases were as follows:

	December 31, 2022	December 31, 2021
Signed contract prices	$ 184,499	320,863
Paid amount	$ 137,196	166,768

X. Significant Disaster Loss: None.

XI. Significant Subsequent Events: None.

XII. Others

A summary of employee benefits, depreciation, depletion and amortization expenses, by function, is as follows:

By function / By nature	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense						
Salary expense	255,554	104,233	359,787	268,813	95,169	363,982
Labor and health insurance expense	28,023	8,094	36,117	24,117	7,771	31,888
Pension expense	11,812	4,457	16,269	10,236	4,186	14,422
Director remuneration	-	3,024	3,024	-	2,688	2,688
Other employee benefit expenses	11,199	3,285	14,484	10,672	4,058	14,730
Depreciation expense	178,880	12,985	191,865	186,920	14,098	201,018
Amortization expense	1,002	3,938	4,940	995	3,696	4,691

In 2022 and 2021, the depreciation in other profit and loss under the non-operating income and expense amounted to NT$ 2,717 thousand and NT$ 2,676 thousand respectively.

Extra information on the number of employees and employee benefits in the Company in 2022 and 2021 is as follows:

	2022	2021
Number of employees	562	519
Number of directors without concurrent position as employee	6	6
Average employee benefit expenses	$ 767	829
Average employee salary expense	$ 647	710
Adjustment status of average employee salary expense	(11.21)%	
Supervisors' remuneration	$ -	-

The information on the Company's remuneration policies for directors, managers and employees is as follows:

29. (I) Directors

Directors' remuneration shall include transportation fees, business operation expenses, and surplus distribution. After the Company's remuneration for directors has been reviewed by the Remuneration Committee according to the Company's Articles of Incorporation, the Board of Directors is authorized to set the salaries for the directors based on their participation in the Company's operations, contribution value, as well as the industry standards. The remuneration distribution standard for surplus distribution to directors is based on the Company's Articles of Incorporation, which shall be submitted to the board of directors for review and be issued after it has passed the shareholders meeting resolution.

30. (II) President and Vice Presidents

The remuneration of the president and vice president includes salary, employee dividends, employee stock options, and new restricted shares for subscription. Salary standards are based on contributions to the Company and reference to peer standards. The employee dividend distribution standard shall be based on the Company's Articles of Incorporation, be submitted to the Remuneration Committee for deliberation, and then issued after the proposal has passed the resolution of the board of directors' or shareholders' meeting. Employee stock options, and new restricted shares for subscription issuance standards were evaluated based on contributions to the Company and its future development.

31. (III) Employees

The employees' remuneration includes full pay (base salary, meal allowance, position allowance), other allowances, cash gifts, performance bonuses, year-end bonuses, employee bonuses and employee stock options. The full pay is paid based on normal market level of the industry, positions in the Company and contributions to the Company. In combination with the Company's operating conditions and with reference to domestic economic growth rate, price index and salary adjustment within the industry, the salary adjustment policies are established based on individuals' job performance and value contribution. Other allowances, cash gifts, performance bonuses, year-end bonuses, employee bonuses and employee stock options are distributed in compliance with the Articles of Incorporation and administrative measures of the Company.

XIII. Separately Disclosed Items

(I) Significant transactions information

The information on material transactions that should be further disclosed by the Company in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in 2022 is as follows:

1. Fund lending to others: None.

2. Endorsement or guarantee for others: None.

3. Year-end holding of negotiable securities (excluding equity in investees, associates and joint ventures): None.

4. Accumulated purchase or sale of the same negotiable securities up to NT$ 300 million or over 20% of the paid-in capital: None.

5. Acquisition of property up to NT$ 300 million or over 20% of the paid-in capital: None.

6. Disposal of property up to NT$ 300 million or over 20% of the paid-in capital: None.

7. Purchase from or sales to the associates up to NT$ 100 million or over 20% of the paid-in capital:

Unit: NT$ thousand

Companies from and to which products are purchased and sold	Related party name	Relations	Transaction details				Difference of transaction conditions with general transactions and reasons		Notes and accounts receivable (payable)		Remarks
			Purchase (sales)	Amount	Ratio to total purchase (sales)	Payment term	Unit price	Payment term	Balance	Ratio to notes and accounts receivable (payable)	
G-TECH Optoelectronics Corporation	Futaihua Industry (Shenzhen) Co., Ltd.	Other related parties	Purchase	948,880	63.71 %	DA 45 DAYS	-		(125,816)	(61.10)%	
"	Innolux Corporation	"	Sales	(258,138)	(12.34) %	Monthly payment in 120 days	-		64,796	17.44%	
"	Ningbo CarUX Technology Co., Ltd.	"	Sales	(140,908)	(6.73) %	Monthly payment in 120 days	-		28,580	7.69%	

8. Receivables from associates up to NT$ 100 million or over 20% of the paid-in capital: None.

9. Engagement in derivative transactions: For details, please refer to Note 6 (10).

(II) Information on investees:

The information on the Company's investees (excluding investees in Mainland China) in 2022 is as follows:

Unit: NT$ thousand/USD thousand

Investors	Name of investee	Location	Main business items	Original investment amount		Shareholding at the end of the period			Investees' profit/loss in the period	Current investment profit/loss	Remarks
				End of the period	End of the preceding year	Number of shares	Ratio	Carrying amount			

Notes to the G-TECH Optoelectronics Corporation Unconsolidated Financial Statements (continued)

										recognized	
G-TECH Optoelectronics Corporation	Fast Achievement Global Ltd.	Cayman Islands	Holding	16,583 (USD540)	16,583 (USD540)	540,000	100.00%	51,990	372 (USD12)	372 (US12)	
G-TECH Optoelectronics Corporation	Golden Start Global Corp.	Samoa	Holding	2,192,429 (USD71,391)	2,192,429 (USD71,391)	71,391,373	100.00%	73,893	(7,274) (USD(243))	(7,274) (USD(243))	
Fast Achievement Global Ltd.	Brave Advance International Corp.	Samoa	Holding	15,355 (USD500)	15,355 (USD500)	500,000	25.00%	51,990 (USD1,693)	1,568 (USD52)	392 (USD13)	
Golden Start Global Corp.	Charmtex Global Corp.	Samoa	Holding	2,191,815 (USD71,371)	2,191,815 (USD71,371)	71,371,373	100.00%	73,893 (USD2,406)	(7,265) (US(243))	(7,265) (USD(243))	

(III) Information on Investments in China:

1. Information of name of investees in China, and main business items:

Unit: NT$ thousand

Names of the investees in Mainland China	Main business items	Paid-in capital	Investment method	Opening aggregate investment amount remitted out from Taiwan	Remitted or recovered investment amount of the period		Closing aggregate investment amount remitted out from Taiwan	Investees' profit/loss in the period	Ratio of shareholding directly or indirectly invested by the Company	Recognized returns and losses on investments in the period	Closing carrying value of investments	Remitted returns on investments as of the end of the period
					Outward remittance	Recovery						
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	Produce and sell TFT-LCD materials	729,055 (USD23,740)	Note 1	729,055 (USD23,740)	-	-	729,055 (USD23,740)	21 (USD1)	25.00%	5 (USD-)	16,026 (USD522)	-
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	Produce and sell TFT-LCD materials	2,149,700 (USD70,000)	Note 2	2,149,700 (USD70,000)	-	-	2,149,700 (USD70,000)	(8,450) (USD(283))	100.00%	(8,450) (USD(283))	66,446 (USD2,164)	-

Note 1: The company indirectly invests in Hongda Photoelectric Glass (Dongguan) Co., Ltd. in Mainland China through Brave Advance International Corp., an investee of Fast Achievement Global Ltd. in a third area.

Note 2: The Company indirectly invests in Ruizhida Optoelectronics (Chengdu) Co., Ltd. in Mainland China through Charmtex Global Corp., an investee of Golden Start Global Corp. in a third area.

2. Limit of investments in Mainland China:

Aggregate amount remitted from Taiwan for investments in Mainland China in the period	**Investment amount approved by the Investment Commission, Ministry of Economic Affairs**	**Limit of investments in Mainland China specified by the Investment Commission, Ministry of Economic Affairs**
2,878,755 (USD93,740)	2,878,755 (USD93,740)	-
(Including machine prices of NT$ 263,584) (USD8,583)	(Including machine prices of NT$ 284,866) (USD9,276)	-

Note: The Company has received the certificate for compliance with operational headquarter business scope issued by the Industrial Development Bureau, MOEA, on August 26, 2019. Accordingly the Company is not restricted by the investment limit requirement.

3. Material transactions with investees of Mainland China: None.

(IV) Information on Major Shareholders:

Notes to the G-TECH Optoelectronics Corporation Unconsolidated Financial Statements (continued)

Shares Name of major shareholder	Number of shares held	Shareholding ratio
HON YUN INTERNATIONAL INVESTMENT CO., LTD.	15,728,165	7.01%

XIV. Information on Segments

For details, please refer to the 2022 consolidated financial statements.

G-TECH Optoelectronics Corporation

Statement of Cash and Cash Equivalents

December 31, 2022

Unit: NT$ thousand

Item	Summary	Amount
Cash on hand and petty cash		$ 692
Bank deposits		
Demand deposits		124,299
Checking accounts		40
Foreign currency deposits	USD 7,835 thousand, euro 43 thousand and RMB 110 thousand	242,747
Time deposits	USD 6,500 thousand and NT$ 30,000 thousand	229,615
		$ 597,393

Statement of Notes and Accounts Receivable (Including Related Parties)

Customer	Summary	Amount	Remarks
Customer A	Loan	$ 97,674	
Customer B	〃	93,423	
Customer C	〃	64,796	Related parties
Customer D	〃	60,938	
Customer E	〃	43,594	
Customer F	〃	38,670	
Customer G	〃	34,297	
Customer H	〃	28,580	Related parties
Others	〃	111,784	The amounts of all accounts are not up to 5% of the balance in this account
Total		573,756	
Less: Allowance for impairment		(202,115)	
Net		**$ 371,641**	

G-TECH Optoelectronics Corporation

Inventory ledger

December 31, 2022

Unit: NT$ thousand

Item	Amount: Cost	Amount: Net realisable value	Remarks
Raw materials and supplies	$ 116,294	116,883	Replacement cost of an asset
Work in progress	38,665	38,665	Net realisable value
Finished goods	87,264	92,816	〃
Products	3	7	〃
Subtotal	$ 242,226	248,371	
Less: Allowance for loss	(54,965)		
Total	$ 187,261		

Statement of Changes in Property, Plant and Equipment

From January 1 to December 31, 2022

Please refer to Note 6(5) for relevant information.

G-TECH Optoelectronics Corporation

Statement of Changes in Investment Property

From January 1 to December 31, 2022

Unit: NT$ thousand

Please refer to Note 6(6) for relevant information.

Statement of Short-term Borrowings

December 31, 2022

Loan nature	Loan institution	Amount		Loan term	Interest rate
Secured borrowings	Hua Nan Commercial Bank	$	80,000	November 30, 2022~February 28, 2023	2.5400%
〃	First Commercial Bank		200,000	September 23, 2022~March 23, 2023	2.3750%
〃	SUNNY BANK		50,000	July 14, 2022~July 14, 2023	2.2200%
Credit loan	Mega International Commercial Bank		60,000	October 26, 2022~April 24, 2023	2.5250%
Letter of credit loan	First Commercial Bank		1,264	Repay within 120 days after utilization	-
〃	Taiwan Cooperative Bank		1,264	〃	-
〃	〃		1,264	〃	-
		$	393,792		

G-TECH Optoelectronics Corporation

Statement of Long-term Borrowings

December 31, 2022

Unit: NT$ thousand

Loan nature	Loan institution	Amount		Loan term	Interest rate	Pledge or guarantee	Remarks
Mortgage loan	Bank of Taiwan	$	58,945	2013-08-16~2028-08-16	1.8050%	Land and house building	Principal repaid from August 16, 2015
〃	〃		19,792	2013-10-15~2023-10-15	1.3450%	〃	Principal repaid from October 15, 2015
〃	〃		24,180	2014-09-29~2024-01-15	1.3450%	〃	Principal repaid from February 15, 2016
〃	〃		37,781	2014-12-22~2024-01-15	1.3450%	〃	〃
〃	SUNNY BANK		502,000	2020-07-14~2027-07-14	2.2200%	〃	Principal repaid from July 14, 2022
〃	〃		12,650	2020-07-14~2027-07-14	2.2200%	〃	〃
〃	〃		58,000	2021-09-29~2028-09-29	2.4200%	〃	Principal repaid from October 29, 2024
〃	Taiwan Cooperative Bank		302,000	2019-09-02~2024-09-01	2.0110%	〃	Principal repaid from October 2, 2019
〃	Hua Nan Commercial Bank		81,667	January 17, 2022~January 17, 2027	1.9700%	Reserve account	Principal repaid from February 15, 2022
〃	The Shanghai Commercial & Savings Bank		150,000	October 12, 2022~October 12, 2027	1.9700%	Property, plant and equipment	Principal repaid from October 15, 2022
Credit loan	〃		35,625	October 8, 2022~October 8, 2026	1.9700%	-	〃
〃	〃		105,000	June 6, 2022~October 18, 2026	1.9700%	-	〃
〃	Bank of Panhsin		55,200	September 2, 2022~September 2, 2025	2.0500%	-	Principal repaid from September 2, 2025

Total	1,442,840
Less: Due in one year	(214,684)
Net	$ 1,228,156

Statement of Operating Revenue

From January 1 to December 31, 2022

Item	Quantity	Amount	Remarks
Smart optoelectronics glass	462 thousand pieces	$ 145,435	
Smart car glass	547 thousand pieces	515,400	
Smart building glass	1,214 thousand pieces	195,660	
Others	22,582 thousand pieces	1,235,978	
Net operating income		$ 2,092,473	

G-TECH Optoelectronics Corporation

Statement of Operating Costs

From January 1 to December 31, 2022

Unit: NT$ thousand

Item	Summary	Amount	Remarks
Merchandise inventory at beginning of the current period		$ 3	
Plus: Purchase in the current period		1,052,232	
Less: Merchandise inventory at end of the current period		(3)	
Transferred expenses		(4)	
Merchandise sale cost		1,052,228	
Raw materials at beginning of the current period		126,399	
Plus: Purchase in the current period		352,671	
Material return in the current period		436	
Less: Raw materials at end of the current period		(86,761)	
Direct raw material consumption		392,745	
Materials at beginning of the current period		49,858	

Plus: Purchase in the current period	80,152
Less: Materials at end of the current period	(41,030)
Transferred expenses	(15,915)
Material consumption	73,065
Direct labor	123,314
Production expense	403,273
Production cost	992,397
Plus: Work in progress at beginning of the current period	16,072
Less: Work in progress at end of the current period	(38,666)
Finished goods cost	969,803
Plus: Finished goods at beginning of the current period	86,517
Material return from departments	1,843
Less: Finished goods at end of the current period	(87,264)
Transferred expenses	(9,517)
Product sales cost	961,382
Inventory writedown and obsolescence loss (recovery gains)	(8,101)
Idle production capacity	215,822
Income from sale of scraps	(178)
Operating costs	$ 2,221,153

G-TECH Optoelectronics Corporation

Statement of Operating Expenses

From January 1 to December 31, 2022

Unit: NT$ thousand

Item	Selling and marketing expenses	Administrative expenses	Research and development expenses	Total
Salary expense	$ 14,655	71,916	20,686	107,257
Shipping expense	3,883	10	120	4,013
Postage and cable expense	171	3,842	6	4,019
Repair and maintenance	28	2,172	518	2,718

expense				
Insurance expense	1,615	5,159	2,158	8,932
Entertainment expense	718	780	-	1,498
Tax expense	1,403	5,415	1	6,819
Depreciation	-	8,663	4,322	12,985
Amortizations	-	3,938	-	3,938
Meal expense	320	1,215	489	2,024
Employee benefits	32	920	55	1,007
Import/export expense	7,538	15	3	7,556
Security expense	-	5,885	-	5,885
Purchase of miscellaneous items	-	249	2,692	2,941
Consumables	-	-	10,716	10,716
Material expense	-	-	9,235	9,235
Mold expense	-	-	6,773	6,773
Pensions	855	2,447	1,155	4,457
Labor expense	-	3,461	965	4,426
Others	3,326	22,947	2,420	28,693
Total	$ 34,544	139,034	62,314	235,892

Statement of Other Gains and Losses, Net

Please refer to Note 6(19) for the relevant information