Stock Code: 6405

ONANO INDUSTRIAL CORP.

2022 Annual Report

(Translation)

Printed on April 30, 2023

Annual Report Website

Market Observation Post System: http://mops.twse.com.tw

Company Website: http://www.onano-nm.com

I. Names, Titles, Contact Numbers, and Emails of Spokesperson and Acting Spokesperson

Spokesperson	Acting spokesperson
Name: Chen, Chun-Hsia	Name: Chiang, Ching-Wei
Title: Chairman & General Manager	Title: Division head of the finance department
Tel: +886-3-433-5831	Tel: +886-3-433-5831
Email: public@onano-nm.com	Email: public@onano-nm.com

II. Contact Information of Headquarters, Branches and Plant

Unit	Address	Telephone
Headquarter/ Plants	No.18, Beiyuan Rd., Zhongli Dist., Taoyuan City	+886-3-433-5831

III. Contact Information of the Institution for Stock Transfer

Name: Registrar & Transfer Agency Department of KGI Securities Co. LTD.
Tel: +886-2-2389-2999
Address: 5F., No. 2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City
Website: https://www.kgieworld.com.tw

IV. Contact Information of the Certified Public Accountants for the Latest Financial Report

Name of CPA: Wu, Yu-Lung; Lin, Chia-Hung
Tel: +886-2-2729-6666
CPA Firm: PwC Taiwan
Website: https://www.pwc.tw
Address: 27F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City

V. Overseas Listings and Access to the Listing Information: None.

VI. Company Website: http://www.onano-nm.com

Contents

Letter to Shareholders

Dear Shareholders,

Thanks to all shareholders for your long-term attention, support, care, and guidance to the Company, we hereby report to you 2022 business outcomes and 2023 business plan summary, the future development strategy, and the impact of the external competition environment, regulatory environment, and the overall business environment:

I. 2022 Business Report

(I) Implementation outcomes of the business plan:
The operating revenue of the Company in 2022 was NT$374,958 thousand, which decreased by 31% compared with NT$540,413 thousand in 2021. The decline in the business revenue was mainly aroused by the post-pandemic inflation and global economic slowdown in the second half of last year, the bulk stock of IT panels and the production cuts intensify such decline. As a result of the significant decrease in operating revenue, the operating profit in 2022 was NT$46,769 thousand, which decreased by 67% compared with NT$143,405 thousand in 2021. The gross profit margin decreased from 27% in 2021 to 13% in 2022.

(II) Analysis of profitability and financial position:
The Company's net operating loss was NT$65,601 thousand in 2022, which decreased by NT$89,261 thousand from NT$23,660 thousand in 2021 due to the decline in revenue. The pre-tax profit decreased from NT$105,141 thousand pre-tax net profit in 2021 to NT$37,119 thousand in 2022. Net profit after tax decreased from NT$99,589 thousand in 2021 to NT$4,454 thousand in 2022. Basic earnings per share also decreased from NT$1.51 in 2021 to NT$0.07 in 2022.

In terms of financial position, the current ratio, quick ratio and debts ratio of the Company in 2022 were 1,297.21%, 1,288.94%, and 7.54% respectively. The Company has always maintained sound financial operations, so the financial structure ratio is satisfactory.

<table>
<tr><th colspan="3">Item</th><th>2022</th><th>2021</th></tr>
<tr><td rowspan="3">Financial status</td><td colspan="2">Current ratio (%)</td><td>1,297.21</td><td>691.96</td></tr>
<tr><td colspan="2">Quick ratio (%)</td><td>1,288.94</td><td>688.48</td></tr>
<tr><td colspan="2">Debts ratio (%)</td><td>7.54</td><td>13.01</td></tr>
<tr><td rowspan="5">Profitability</td><td colspan="2">Return on assets (%)</td><td>0.19</td><td>3.76</td></tr>
<tr><td colspan="2">Return on equity (%)</td><td>0.17</td><td>4.25</td></tr>
<tr><td rowspan="2">Paid-in capital ratio</td><td>Operating income(loss)</td><td>(9.97)</td><td>3.60</td></tr>
<tr><td>Profit (loss) before tax</td><td>5.64</td><td>15.98</td></tr>
<tr><td colspan="2">Earnings per share after tax (NTD)</td><td>0.07</td><td>1.51</td></tr>
</table>

(III) Research and development status:

The Company has specialized in researching, developing, manufacturing, and serving opto-electronic glass slimming. To provide our customers with high-quality products and complete manufacturing services, the Company continues to invest in R&D in the in-house development and manufacturing of the equipment, fixture, chemical recipes, etc. In addition to fully mastering autonomous technology, it can also strengthen the overall competitiveness of the Company. R&D expenditure in 2022 amounted to NT$60,958 thousand, an increase of 8% over NT$56,430 thousand in 2021. To build the entry barriers and prolong competitive advantage, in addition to continuously improving production and management efficiency to reduce production costs, the Company's research and development will aim at providing high-quality and complete glass substrate slimming, polishing, and film coating services, including high-impedance film coated photoelectric glass process development, ultra-slim photoelectric glass process development, high performance slimming chemical recipes development.

II. Summary of 2023 annual business plan

(I) Business policy and important production and marketing policy:

1. Business direction:

(1) The terminal application products involved in those services provided by the Company are mainly smartphones, NB, tablet computers, automotive panels, game consoles, etc. Based on those accumulated mass production technologies and quality advantages in the past, we continue to provide the panel factories with capacity and technical cooperation for new products, so as to maintain and strengthen our position and market share in the domestic opto-electronic glass slimming market.

(2) Compared with the gross profit margin of other displays, the gross profit margin and orders of automotive panels are relatively stable. Once certified, they are less prone to be replaced at will. In the sluggish global panel demand, automotive panels show the least recession and still retain the potential momentum to gestate the market. However, the automotive panel processing technologies required not only etching and slimming, but also more advanced film coating technology. Therefore, the business in the future will focus on ultra-slim panel film coating technology and improving the automotive panel slimming process. Supplemented by 3D-IC heterogeneous integrated packaging and other research and development expecting the Company will develop toward multidimensional operation in the future.

2. Production strategy:

(1) By optimizing the existing slimming technology, we provide a one stop solution of substrate slimming service, polishing, and film coating services, and assist our customers to improve product competitiveness, meet market demand, as well as improve process production time, and enhance qualification ratio, to achieve a win-win situation between the Company and customers.

(2) Meeting the on-board market demand, it is urgent to improve the high impedance film coating technology applied to on-board products. Only precise film coating technology can meet the market requirements. The Company will lead the upgrade by technology, meanwhile, it will, based on the existing technology, cooperate with the major panel factories to complete the automotive film coating tests and become a qualified supplier offering the panel film coating services to the famous automotive manufacturers in the world.

3. Marketing strategy:

Global economic growth is expected to slow down in 2023 attributable to uncertainties such as material cost increase and inflation, which may give rise to the challenges in the panel market. Competition in the slimming industry is going to be more intense because of the oversupply in the market. Therefore, in order to cope with the changes in the external market environment and take into account the short-term and long-term benefits, it proposes to reasonably reflect the cost of raw materials under the Company's short-term marketing strategy so as to improve the operation, complemented by the introduction of automotive film coating technology to improve product diversity, and consequently, the Company may gain a profitable development in the medium and long term.

(II) Expected sales volume and basis:

As the Company does not voluntarily disclose financial forecast information, it does not provide relevant forecast data.

III. Impact on the development strategy of the Company in the future from an external competitive environment, regulatory environment, and overall business environment

On account of the Russia-Ukraine war, raw materials, currency, and the market fluctuated sharply. As a result, the global manufacturing sector, except for IC semiconductors and related industries, has been declining since the second quarter of last year. In addition, there was an unexpected demand for notebook computers during the epidemic period in the year before last year, making a saturated NB market last year, and the overall channel stock is bulk. Moreover, global inflation, interest rate hike, and other factors exercised a crowding effect on the end consumption demand, the shipment database in the third quarter of last year declined compared with the second quarter, leading to a decline in single-quarter revenue, on the other hand, the panel prices remained weakly depressed, and the panel industry loss margin also gradually expanded. Therefore, the slimming demand, followed by the panel semi-finished goods processing, is also deeply affected. It witnessed consecutive losses in each month of the second half of the last year and no signs of recovery. In the future, the Company will carry out a multi-directional development plan and diversity the businesses, for example, developing ultra-slim panel film coating technology, automotive panel slim processing, 3D-IC heterogeneous integrated packaging and other technologies.

Wishing all shareholders good health and all the best.

Chairman: Chen, Chun-Hsia

Company Profile

I. Date of Establishment: July 13, 2004

II. Company history:

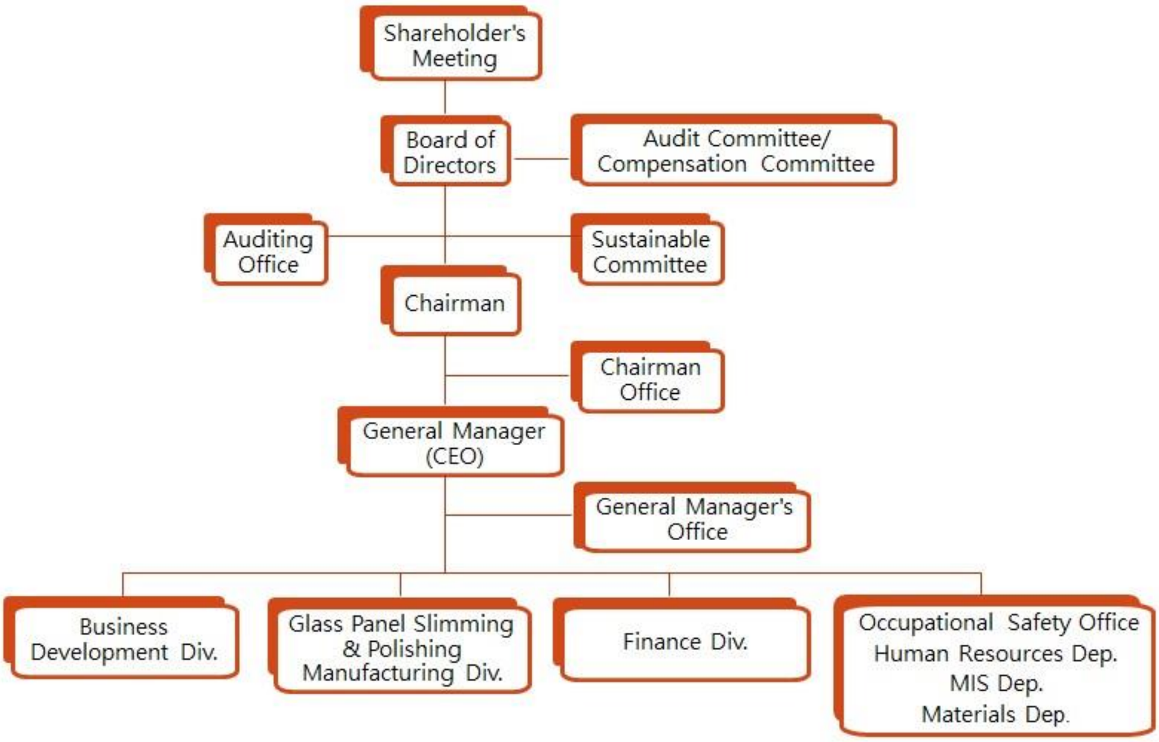
Year	Milestones
2004	Establishment registration of the Company.
2005	R&D facilities built up to perform precise etching and slimming.
2006	Mass production facilities established. Obtained ISO 9001 quality management system certification.
2007	Obtained ISO 14001 environmental management system certification. Successfully developed single G3 slimming technology to 0.2mm.
2008	Successfully developed single G3.5 and G4 slimming technology to 0.2mm. Successfully developed single G4.5 slimming technology to 0.3mm.
2009	Obtained QC 080000 hazardous substance process management system certification. Successfully developed single G4.5 slimming technology to 0.2mm. Successfully developed single G5 slimming technology to 0.2mm.
2010	Successfully developed single G5 slimming technology to 0.3mm. Set up the Fuzhou factory and started production in the same year.
2011	Purchased land and factory in Beiyuan Road, Zhongli District, Taoyuan City, and relocated for official use. Successfully developed single G6 slimming technology to 0.3mm.
2012	Successfully developed AG glass etching technology. Approved by the Financial Supervisory Commission of Executive Yuan for IPO. Registered in OTC.
2013	Successful mass production of photoelectric glass film coating. Successfully developed single G6 slimming technology to 0.2mm. Won the Seventh Innovative Excellence Enterprise Award in Taoyuan County. Listed on TAIEX.
2014	Successfully developed single G4.5 slimming technology to 0.15mm. Successfully developed single G5 slimming technology to 0.15mm. Successfully developed the re-purification technology of etching solution. Won the Eighth Excellence Service Quality Award in Taoyuan County. Purchased land and factory in Pingzhen District, Taoyuan City.
2015	Successfully developed single G4.5 0.15mm film coating technology. Successfully developed single G5 0.15mm film coating technology. Successfully developed high gloss anti-glare glass process technology. Successfully developed glass defect removing technology. Successfully developed anisotropic chemical etching agents. Dispose of Fuzhou Factory.
2016	Successfully developed new anti-glare glass process technology.
2017	Invested its subsidiary- Atomic Craft Corporation. Successfully developed etching solution analysis technology.
2018	Successfully developed ultra-slim photoelectric glass process technology.
2019	Successfully developed high impedance glass process technology. Simple merged subsidiary - Atomic Craft Corporation.
2020	Disposal of the land and factory in Pingzhen District, Taoyuan City.
2021	Successfully developed mmWave AiP 28GHz to 39GHz process technology.
2022	Purchased the office in Nangang Software Park in Taipei City.

Corporate Governance

I. Organizational structure:

(I) Organization chart

ONANO INDUSTRIAL CORP.



(II) Business affairs operated by the key departments

Department Name	Business Management
Sustainable Committee	1. Promote the operation and implementation of Company social responsibility. 2. Promote the operation and implementation of ethical corporate management.
Auditing Office	1. Internal control system and management rules of trace and audit. 2. Execute the annual audit work plan to ensure the internal control system is sustainable and effectively implemented.
General Manager's Office	1. Planning, control and execution of the Company's overall business. 2. Development strategy planning and project research. 3. Tracking and evaluation of departmental business goals and operational performance. 4. Legal related issues and lawsuit management. 5. Information-related operations management and maintenance. 6. Coordinated management of resource materials. 7. File management and maintenance.
Occupational Safety Office	1. Audit and supervision of labor safety. 2. Supervision and planning of environmental safety and fire protection.
Human Resource Dep.	1. Establishment and management of personnel-related systems. 2. HR planning and management
MIS Dep.	1. Information system maintenance, account management, file security, and information security related. 2. Program development, maintenance and maintenance of information software/hardware peripherals.
Materials Dep.	1. Raw materials, equipment, fixtures, etc., please collect relevant operations. 2. Supplier development, contractor and raw material management.
Finance Division	1. Financial capital utilization management and planning. 2. Establish accounting system, accounting and tax processing and planning. 3. Provide budget preparation and other management reports. 4. Handling affairs of the board of directors and shareholder meetings.
Glass Panel Slimming & Polishing Manufacturing Division	1. Product promotion, marketing and operation management and other related work. 2. Establishment, promotion, and implementation of the quality management system. 3. Customer complaint handling and corrective action tracking and other related work. 4. The production and manufacturing of products and the formulation of production operation standards. 5. Production and marketing planning and coordination. 6. Production process control and inspection 7. Plant and engineering maintenance and execution.
Business Development Division	1. Research and development for new products and technologies 2. Development, verification and test research of new materials. 3. Process improvement and technology upgrade. 4. Market development and product information collection. 5. The production and manufacturing of products and the formulation of production operation standards.

II. Background information of Directors, General Managers, Vice Presidents, Assistant Managers, and the heads of various departments and branches

(I) Director

1. Profiles of Directors

April 18, 2023; Unit: shares

Title	Nationality or Registry	Name	Gender / Age	Date Elected	Term	Date First Elected	Shares at Election		Current Number of Shares Held		Shareholdings of Spouse and Underage Children		Shares Held in The Names of Others		Major Career (Academic) Achievements	Current Duties in the Company and in Other Companies	Spouse or Relatives of Second Degree or Closer Acting as Department Heads, Directors or Supervisor			Remark
							Quantity	%	Quantity	%	Quantity	%	Quantity	%			Title	Name	Relation	
Chairman	Republic of China	Hong Cheng Investment Ltd.		June 16, 2022	3 years	June 12, 2019	3,594,580	5.46%	3,594,580	5.46%	-	-	-	-	-	-	-	-	-	None
		Representative: Chen, Chun-Hsia	Male Age 61-70	June 16, 2022	3 years	July 13, 2004	4,822,241	7.33%	4,822,241	7.33%	298,937	0.45%	-	-	Chairman of Cosmo Electronics Corp. Supervisor of Brave C&H Supply Co., Ltd. Representative of the juristic-person director of EasyCard Corporation. Chairman of YESCHEN Co., Ltd.	General Manager of ONANO Industrial Corp. Director of ONANO Co., Ltd. Chairman of MARUMI Electronics Corporation	-	-	-	Note 1
Director	Republic of China	Hong Yu Investment Ltd.		June 16, 2022	3 years	June 12, 2019	1,444,158	2.19%	1,444,158	2.19%	-	-	-	-	-	-	-	-	-	None
		Representative: Chen, Chih-Cheng	Male Age 61-70	June 16, 2022	3 years	July 13, 2004	846,111	1.29%	846,111	1.29%	215,512	0.33%	-	-	Department of Mechanical Engineering, Hwa Hsia University of Technology Supervisor of Single Well Industrial Corp. Chairman of Cosmo Electronics Corp.	Director of Hong Yu Investment Ltd. Supervisor of MARUMI Electronics Corporation Independent Director, Compensation Committee and Audit Committee of Single Well Industrial Corp.	-	-	-	None
Director	Republic of China	MARUMI Electronics Corporation		June 16, 2022	3 years	December 27, 2006	3,915,239	5.95%	3,915,239	5.95%	-	-	-		-	-	-	-	-	None
		Representative: Huang, Shan-Jung	Male Age 61-70	June 16, 2022	3 years	August 23, 2021	-	-	-	-	-	-	-	-	Electrical Engineering, National Taiwan University Chairman of E-TEN Information Systems Co., Ltd. Chairman of ROYALTEK Company Ltd.	Chairman of You Tian Co., Ltd.	-	-	-	None

Title	Nationality or Registry	Name	Gender / Age	Date Elected	Term	Date First Elected	Shares at Election		Current Number of Shares Held		Shareholdings of Spouse and Underage Children		Shares Held in The Names of Others		Major Career (Academic) Achievements	Current Duties in the Company and in Other Companies	Spouse or Relatives of Second Degree or Closer Acting as Department Heads, Directors or Supervisor			Remark
							Quantity	%	Quantity	%	Quantity	%	Quantity	%			Title	Name	Relation	
Director	Republic of China	MARUMI Electronics Corporation		June 16, 2022	3 years	December 27, 2006	3,915,239	5.95%	3,915,239	5.95%	-	-	-	-	-	-	-	-	-	None
		Representative: Wu, Cheng-Che	Male Age 41-50	June 16, 2022	3 years	June 15, 2012	535,425	0.81%	535,425	0.81%	8,000	0.01%	-	-	Department of Chemical Engineering and Materials Science, Yuan Ze University Representative of the juristic-person director of Atomic Craft Corporation Business department manager of Atomic Craft Corporation Business department manager of ONANO Industrial Corp. Business Specialist of EASCHEM Co., Ltd. Brand department manager of LEADER Electronics Inc.	Executive Assistant of Seetel New Energy Co., Ltd.	-	-	-	None
Independent Director	Republic of China	Li, Kun-Chang	Male Age 41-50	June 16, 2022	3 years	June 16, 2022	-	-	-	-	-	-	-	-	Doctor of Management, National Central University Dean of Student Affairs Office of Soochow University Dean of Accounting Department of Soochow University Executive Director of Franklin Financial Technology Development Center, Business School of Soochow University Associate Professor of Soochow University Assistant Professor at Soochow University CEO of Premier Think Tank Co., Ltd. CEO of Premier CPAs Firm Audit Department of Deloitte & Touche	Independent Director, Compensation Committee and Audit Committee of Eastern Media International Corporation Independent Director, Compensation Committee and Audit Committee of United Orthopedic Corporation Independent Director, Compensation Committee and Audit Committee of Tatung Fine Chemicals Co.	-	-	-	None

Title	Nationality or Registry	Name	Gender / Age	Date Elected	Term	Date First Elected	Shares at Election		Current Number of Shares Held		Shareholdings of Spouse and Underage Children		Shares Held in The Names of Others		Major Career (Academic) Achievements	Current Duties in the Company and in Other Companies	Spouse or Relatives of Second Degree or Closer Acting as Department Heads, Directors or Supervisor			Remark
							Quantity	%	Quantity	%	Quantity	%	Quantity	%			Title	Name	Relation	
Independent Director	Republic of China	Hsu, Ying-Chieh	Male Age 41-50	June 16, 2022	3 years	March 21, 2013	-	-	-	-	-	-	-	-	EMBA of College of Management, National Taiwan University Department of Law, National Taipei University Taiwan Taipei District Court Mediation Committees Member Taiwan Changhua District Court Mediation Committees Member The 5th and 6th Legal Counsel of the Federation of Labor Counsel of General Chamber of Commerce Legal Counsel of Taiwan Chamber of Commerce & Industry	Managing Partner of Hsu, Chung & Partners Supervisor of Liu Yu Culture and Creative Co., Ltd. Juristic-person Director of EasyCard Corporation Director of Foxwell Energy Co., Ltd. Independent Director, Compensation Committee and Audit Committee member of Luo Lih-Fen Holding Co., Ltd. Independent Director, Compensation Committee and Audit Committee member of Allied Biotech Corp.	-	-	-	None
Independent Director	Republic of China	Chou, Hui-Yu	Female Age 51-60	June 16, 2022	3 years	June 16, 2022	-	-	-	-	-	-	-	-	Master of Law, Soochow University Department of Accountancy, National Cheng Kung University CEO of Jan Da Construction Co., Ltd. Vice President/ Spokesperson of Radium Life Tech. CO., Ltd.	Vice President of Action Electronics Co., Ltd. Independent Director of Finemat Applied Materials Co., Ltd. Independent Director of King's Metal Fiber Technologies Co., Ltd.	-	-	-	None

Note: The Chairman of the Company also serves as the General Manager, mainly to improve the efficiency of operation and management and the execution of decision-making; In addition, the chairman also communicates closely and fully with the directors the Company’s current operating conditions and planning guidelines to implement corporate governance. Currently, among the members of the board of directors, more than half of the directors are not employees or managers. In 2023, the Company plans to elect an additional independent director to enhance the functions of the board of directors and strengthen the supervision function, and cooperate with the competent authority to promote and implement corporate governance relevant policies.

2. Major Shareholders of Corporate Shareholders

April 18, 2023

Corporate Shareholder Name	Major Shareholders of Corporate Shareholders	Major Shareholders of Corporate Shareholders' Ratio of Shareholding (%)
Hong Cheng Investment Ltd.	Cheng, Meng-Chi Cheng, Meng-Yao Chen, Hung Chen, Chun-Hsia	90% 4% 4% 2%
MARUMI Electronics Corporation	Cheng, Meng-Chi Chen, Chun-Hsia Chen, Yang Chen, Hung Chen, Yu	32% 20% 16% 16% 16%
Hong Yu Investment Ltd.	Chen, Hung-Wei Chen, Hung-Chih Chen, Chih-Cheng Tsai, Shu-Min	35% 35% 15% 15%

3. Major shareholder(s) where the major shareholder of Corporate Shareholders is a juristic person: None.
4. (1)Disclosure of professional qualification of the directors and independence of directors:

Qualification / Name	Professional Qualification and Experience (Note 1)	Compliance of Independence (Note1)	Number of Positions as an Independent Director in other Public Listed Companies
Chen, Chun-Hsia	Current position: 1. Chairman & General Manager of ONANO Industrial Corp. 2. Director of ONANO Co., Ltd. 3. Chairman of MARUMI Electronics Corporation Education: 1. Chairman of Cosmo Electronics Corp. 2. Supervisor of Brave C&H Supply Co., Ltd. 3. Representative of the juristic-person director of EasyCard Corporation 4. Chairman of YESCHEN Co., Ltd.		None
Chen, Chih-Cheng	Current position: 1. Director of ONANO Industrial Corp. 2. Director of Hong Yu Investment Ltd. 3. Supervisor of MARUMI Electronics Corporation 4. Independent Director, Compensation Committee and Audit Committee of Single Well Industrial Corp. Education: 1. Department of Mechanical Engineering, Hwa Hsia University of Technology 2. Supervisor of Single Well Industrial Corp. 3. Chairman of Cosmo Electronics Corp.		1

Qualification / Name	Professional Qualification and Experience (Note 1)	Compliance of Independence (Note1)	Number of Positions as an Independent Director in other Public Listed Companies
Huang, Shan-Jung	Current position: 1. Director of ONANO Industrial Corp. 2. Chairman of You Tian Co., Ltd. Education: 1. Electrical Engineering, National Taiwan University 2. Chairman of E-TEN Information Systems Co., Ltd. 3. Chairman of ROYALTEK Company Ltd.		None
Wu, Cheng-Che	Current position: 1. Director of ONANO Industrial Corp. 2. Executive Assistant of Seetel New Energy Co., Ltd. Education: 1. Department of Chemical Engineering and Materials Science, Yuan Ze University 2. Representative of the juristic-person director of Atomic Craft Corporation 3. Business department manager of Atomic Craft Corporation 4. Business department manager of ONANO Industrial Corp. 5. Business Specialist of EASCHEM Co., Ltd. 6. Brand department manager of LEADER Electronics Inc.		None
Li, Kun-Chang	Current position: 1. Professor of Department of Accounting, Soochow University 2. Professor of School of Law, Soochow University 3. Professor of School of Law, Fu Jen Catholic University 4. Independent Director, Compensation Committee and Audit Committee member of ONANO Industrial Corp. 5. Independent Director, Compensation Committee and Audit Committee of Eastern Media International Corporation 6. Independent Director, Compensation Committee and Audit Committee of United Orthopedic Corporation 7. Independent Director, Compensation Committee and Audit Committee of Tatung Fine Chemicals Co. Education: 1. Doctor of Management, National Central University 2. Dean of Student Affairs Office of Soochow University 3. Dean of Accounting Department of Soochow University 4. Executive Director of Franklin Financial Technology Development Center, Business School of Soochow University 5. Associate Professor of Soochow University 6. Assistant Professor at Soochow University 7. CEO of Premier Think Tank Co., Ltd. 8. CEO of Premier CPAs Firm 9. Audit Department of Deloitte & Touche	In accordance with the law, the Company has obtained a written statement from independent director Li, Kun-Chang confirming that the person, spouse, and relatives within second degree of kinship, or lineal relative have not served as directors, supervisors or employees of the Company or any affiliate of the Company; The person, spouse, and relatives within second degree of kinship, or lineal relative (or under the name of another person) does not hold shares of the Company; Does not serve as a director, supervisor or employee of a company that has a specific relationship with the Company; Not providing commercial, legal, financial, accounting or related services to the Company or any affiliate in the past 2 years.	3

<table>
<tr><th>Qualification
Name</th><th>Professional Qualification and Experience
(Note 1)</th><th>Compliance of Independence
(Note1)</th><th>Number of Positions as an Independent Director in other Public Listed Companies</th></tr>
<tr><td>Hsu, Ying-Chieh</td><td>Current position:
1. Managing Partner of Hsu, Chung & Partners
2. Supervisor of Liu Yu Culture and Creative Co., Ltd.
3. Juristic-person Director of EasyCard Corporation.
4. Director of Foxwell Energy Co., Ltd.
5. Independent Director, Compensation Committee and Audit Committee member of ONANO Industrial Corp.
6. Independent Director, Compensation Committee and Audit Committee member of Luo Lih-Fen Holding Co., Ltd.
7. Independent Director, Compensation Committee and Audit Committee member of Allied Biotech Corp.

Education:
1. EMBA of College of Management, National Taiwan University
2. Department of Law, National Taipei University
3. Taiwan Taipei District Court Mediation Committees Member
4. Taiwan Changhua District Court Mediation Committees Member
5. The 5th and 6th Legal Counsel of the Federation of Labor
6. Counsel of General Chamber of Commerce
7. Legal Counsel of Taiwan Chamber of Commerce & Industry</td><td>In accordance with the law, the Company has obtained a written statement from independent director Hsu, Ying-Chieh confirming that the person, spouse, and relatives within second degree of kinship, or lineal relative have not served as directors, supervisors or employees of the Company or any affiliate of the Company; The person, spouse, and relatives within second degree of kinship, or lineal relative (or under the name of another person) does not hold shares of the Company; Does not serve as a director, supervisor or employee of a company that has a specific relationship with the Company; Not providing commercial, legal, financial, accounting or related services to the Company or any affiliate in the past 2 years.</td><td>2</td></tr>
<tr><td>Chou, Hui-Yu</td><td>Current position:
1. Vice President of Action Electronics Co., Ltd.
2. Independent Director, Compensation Committee and Audit Committee member of ONANO Industrial Corp.
3. Independent Director, Compensation Committee and Audit Committee of Finemat Applied Materials Co., Ltd.
4. Independent Director, Compensation Committee and Audit Committee of King’s Metal Fiber Technologies Co., Ltd.

Education:
1. Master of Law, Soochow University
2. Department of Accountancy, National Cheng Kung University
3. CEO of Jan Da Construction Co., Ltd.
4. Vice President/ Spokesperson of Radium Life Tech. CO., Ltd.</td><td>In accordance with the law, the Company has obtained a written statement from independent director Chou, Hui-Yu confirming that the person, spouse, and relatives within second degree of kinship, or lineal relative have not served as directors, supervisors or employees of the Company or any affiliate of the Company; The person, spouse, and relatives within second degree of kinship, or lineal relative (or under the name of another person) does not hold shares of the Company; Does not serve as a director, supervisor or employee of a company that has a specific relationship with the Company; Not providing commercial, legal, financial, accounting or related services to the Company or any affiliate in the past 2 years.</td><td>2</td></tr>
</table>

(2) Board diversity and independence:

A. Board diversity:

The composition of the Company's board of directors adopts a diversified policy. To improve corporate governance and the sound development of the board of directors, the election of board members is based on the principle of multi-industrial and multi-complementary. Each board member has industrial experience and relevant skills (photoelectricity, electronics, chemistry, finance, accounting, law, etc.), as well as professional judgment, business strategy, leadership decision-making, and crisis management capabilities.

B. Independence of board of directors:

The Company appoints three independent directors according to laws and regulations, accounting for 43%. And at selection and appointment shall check the independent director's qualifications and issue a statement. At the same time, obtain each independent director's independence and part-time job requirement statement and confirm that there were no provisions in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act; None of the directors of the Company has a spouse or relative within the second degree of relationship; Independent directors and directors do not have any of the relationships in the preceding paragraph. (Note 1)

Note 1. The professional knowledge and independence of the directors

Qualification / Name	Whether More than Five Years Work Experience and the Following Professional Qualifications			Compliance with Independence (Note)												Number of Positions as an Independent Director in Other Public Listed Companies
	Lecturer or above in public and private colleges and universities in commercial, legal, financial, accounting, or related departments required by company business	Judges, prosecutors, lawyers, CPAs, or other professional and technical personnel who have passed the national examinations required by the Company's business and obtained certificates	Possess the necessary work experience in commercial, legal, financial, accounting, and sales of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Chen, Chun-Hsia			✓								✓	✓	✓	✓		None
Chen, Chih-Cheng			✓	✓	✓		✓		✓	✓	✓	✓	✓	✓		1
Huang, Shan-Jung			✓	✓	✓	✓	✓			✓	✓	✓	✓	✓		None
Wu, Cheng-Che			✓	✓	✓	✓	✓			✓	✓	✓	✓	✓		None
Li, Kun-Chang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Hsu, Ying-Chieh		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Chou, Hui-Yu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

If each director meets the following conditions during the two years before the election and the term of office, please type "✓" in the space below each condition code.

1. Not employed by the company or any of its affiliated companies.
2. Directors and supervisors of non-affiliated companies (except for independent directors appointed by the Company or its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or the local country's laws and regulations concurrently).
3. Does not hold more than 1% of the company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the company.
4. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under 1. or any of the persons stated in 2. and 3.
5. Directors of Corporate shareholders, supervisors, or employees who do not directly hold more than 5% of the total issued shares of the Company, or who ranks among the top five shareholders or designate representatives to serve as directors or supervisors of the Company under Article 27, Paragraphs 1 or 2 of the Company Act (except for independent directors established by the Company and its parent company, subsidiaries, or subsidiaries of the same parent company under this Act or the laws of the local country concurrently).
6. Directors, supervisors, or employees of other companies who are not directors or have more than half of the shares with voting rights controlled by the same person (except for independent directors established by the Company and its parent company, subsidiaries, or subsidiaries of the same parent company under this Act or the laws of the local country concurrently).
7. Directors (council members), supervisors, or employees of other companies or institutions who are not the same person or spouse as the chairman, general manager or equivalent position of the Company (except for independent directors established by the Company and its parent company, subsidiaries, or subsidiaries of the same parent company under this Act or the laws of the local country concurrently).
8. Directors (council members), supervisors, managers, or shareholders holding more than 5% of the shares of specific companies or institutions that are not financially or business related to the Company (except for a specific Company or institution holds 20% of the Company's total issued shares and less than 50%, and the independent directors established by the Company and its parent company, subsidiaries, or subsidiaries of the same parent Company in accordance with this Act or the laws of the local country concurrently serve as independent directors, except for this limitation).
9. Professionals, sole proprietorships, partnerships, business owners of companies or institutions who do not provide auditing for companies or affiliated companies, or who have received accumulative remuneration of less than NT$500 thousand in the last two years for commercial, legal, financial, accounting and other related services of owners, partners, directors (council members), supervisors, managers and their spouses. Provided, this restriction does not apply to a member of the compensation committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. No spouse or a relative within the second degree of kinship with other directors.
11. Does not meet any descriptions stated in Article 30 of the Company Act.
12. There is no government agency or a juristic person acts as a shareholder of the Company elected stipulated in Article 27 of the Company Act.

(II) Background information of General Manager, Vice Presidents and the heads of various departments and branches

April 18, 2023; Unit: shares

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shareholdings of Spouse and Underage Children		Shares Held in the Names of Others		Major Career (Academic) Achievements	Current Positions in the Company and Other Companies	Spouse or Relatives of Second Degree or Closer Acting as Managers			Remark
					Quantity	%	Quantity	%	Quantity	%			Title	Name	Relation	
General Manager	Republic of China	Chen, Chun-Hsia	Male	August 24, 2021	4,822,241	7.33%	298,937	0.45%	0	0	Chairman of Cosmo Electronics Corp. Supervisor of Brave C&H Supply Co., Ltd. Representative of the juristic-person director of EasyCard Corporation Director of YESCHEN Co., Ltd.	Director of ONANO Co., Ltd. Chairman of MARUMI Electronics Corporation	None	None	None	Note 1
Division head	Republic of China	Chien, Hung-Cheng	Male	October 4, 2021	0	0	0	0	0	0	Master of Laws, Shih Hsin University Assistant Manager of Nagase Electronic Technology Co., Ltd. Manager of Kanto Chemical Department	None	None	None	None	
Division head	Republic of China	Chiang, Ching-Wei	Male	October 18 2021	0	0	0	0	0	0	Master of Accounting, National Taipei University Associate Manager of Chung Hwa Chemical Industrial Works, Ltd. Director of Maven Optronics Co., Ltd.	None	None	None	None	

Note 1: The Chairman of the Company also serves as the General Manager, mainly to improve the efficiency of operation and management and the execution of decision-making; in addition, the chairman also communicates closely with the directors to fully communicate the Company’s current operating conditions and planning guidelines to implement corporate governance. Currently, more than half members of the board of directors are not employees or managers. The Company expects to elect an additional independent director in 2023 to enhance the function of the board of directors and strengthen the supervision function, and cooperate with the competent authority to promote and implement corporate governance relevant policies.

III. Remuneration payment to Directors, General Manager, and Vice President in the latest year

(I) Remuneration for directors and independent directors

December 31, 2022/ Unit: NTD thousand; %

Title	Name	Remuneration to Directors								The Sum of A, B, C and D as a Percentage of After-Tax Profit (%)		Remuneration as an Employee								The Sum of A, B, C, D, E, F and G as a Percentage of After-Tax Net Profit (%)		Remuneration Received from the Invested Companies Other than the Subsidiaries and the Parent Company
		Remuneration (A)		Pension (B)		Remuneration to Directors (C) (Note 1)		Fees for Services Rendered (D)				Salaries, Bonuses, Special Allowances etc. (E)		Pension (F)		Remuneration to Employees (G) (Note 2)						
		The Company	All Companies Shown in the Financial Report	The Company	All Companies Shown in the Financial Report	The Company	All Companies Shown in the Financial Report	The Company	All Companies Shown in the Financial Report	The Company	All Companies Shown in the Financial Report	The Company	All Companies Shown in the Financial Report	The Company	All Companies Shown in the Financial Report	The Company		All Companies Shown in the Financial Report		The Company	All Companies Shown in the Financial Report	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Hong Cheng Investment Ltd. Representative: Chen, Chun-Hsia	3,868	3,868	0	0	0	0	750	750	103.68	103.68	0	0	0	0	0	0	0	0	103.68	103.68	0
Director	MARUMI Electronics Corporation Representative: Huang, Shan-Jung																					
Director	MARUMI Electronics Corporation Representative: Wu, Cheng-Che																					
Director	Hong Yu Investment Ltd. Representative: Chen, Chih-Cheng																					
Independent Director(Note 3)	Wen, Sen-Tai	1,030	1,030	0	0	0	0	540	540	35.25	35.25	0	0	0	0	0	0	0	0	35.25	35.25	0
Independent Director	Hsu, Ying-Chieh																					
Independent Director(Note 3)	Hsieh, Ming-Jen																					
Independent Director(Note 3)	Chou, Hui-Yu																					
Independent Director(Note 3)	Li, Kun-Chang																					

1. Please describe the remuneration policy, system, standard and structure of independent directors, and describe the linkage to the remuneration according to the responsibilities, risks, time, and other factors: The remuneration of independent directors, regardless of the Company's operating profit or loss, depends on the extent of their participation in the Company's operations and the value of their contributions, with reference to the industry's normal level of agreed fixed-rate payment of fees for services rendered and remuneration; Pensions, directors' remuneration, and directors serve as employees receive other related remuneration are not applicable to the payment project.
2. Other than those disposed in the Table above, remuneration received by company directors in the recent year for services provided to a company as mentioned in the financial report (e.g. consultancy service without the title of an employee): None.

Note 1: Approved the resolution by the Board of Directors on March 10, 2023.
Note 2: The employee remuneration amount listed above is a provisional estimate.
Note 3: The results of the comprehensive re-election of independent directors on June 16, 2022: Wen, Sen-Tai and Hsieh, Ming-Jen resigned, Hsu, Ying-Chieh was re-elected, and Chou, Hui-Yu and Li, Kun-Chang were newly appointed.

Table of salaries scale

Remunerations to Individual Directors in Respective Brackets Along the Salaries Scale	Name of director			
	Total of the Aforementioned 4 Items (A+B+C+D)		Total of the aforementioned 7 items (A+B+C+D+E+F+G)	
	The Company	All Companies shown in the Financial Report	The Company	All Companies shown in the Financial Report
> NTD1,000,000	MARUMI Electronics Corporation Representative: Huang, Shan-Jung MARUMI Electronics Corporation Representative: Wu, Cheng-Che Hong Yu Investment Ltd. Representative: Chen, Chih-Cheng Wen, Sen-Tai Hsu, Ying-Chieh Hsieh, Ming-Jen Chou, Hui-Yu Li, Kun-Chang	MARUMI Electronics Corporation Representative: Huang, Shan-Jung MARUMI Electronics Corporation Representative: Wu, Cheng-Che Hong Yu Investment Ltd. Representative: Chen, Chih-Cheng Wen, Sen-Tai Hsu, Ying-Chieh Hsieh, Ming-Jen Chou, Hui-Yu Li, Kun-Chang	MARUMI Electronics Corporation Representative: Huang, Shan-Jung MARUMI Electronics Corporation Representative: Wu, Cheng-Che Hong Yu Investment Ltd. Representative: Chen, Chih-Cheng Wen, Sen-Tai Hsu, Ying-Chieh Hsieh, Ming-Jen Chou, Hui-Yu Li, Kun-Chang	MARUMI Electronics Corporation Representative: Huang, Shan-Jung MARUMI Electronics Corporation Representative: Wu, Cheng-Che Hong Yu Investment Ltd. Representative: Chen, Chih-Cheng Wen, Sen-Tai Hsu, Ying-Chieh Hsieh, Ming-Jen Chou, Hui-Yu Li, Kun-Chang
NTD1,000,000 - NTD2,000,000 (exclusive)	-	-	-	-
NTD2,000,000 - NTD3,500,000 (exclusive)	-	-	-	-
NTD3,500,000 - NTD5,000,000 (exclusive)	Hong Cheng Investment Ltd. Representative: Chen, Chun-Hsia	Hong Cheng Investment Ltd. Representative: Chen, Chun-Hsia	Hong Cheng Investment Ltd. Representative: Chen, Chun-Hsia	Hong Cheng Investment Ltd. Representative: Chen, Chun-Hsia
NTD5,000,000 - NTD10,000,000 (exclusive)	-	-	-	-
NTD10,000,000 - NTD15,000,000 (exclusive)	-	-	-	-
NTD15,000,000 - NTD30,000,000 (exclusive)	-	-	-	-
NTD30,000,000 - NTD50,000,000 (exclusive)	-	-	-	-
NTD50,000,000 - NTD100,000,000 (exclusive)	-	-	-	-
> NTD100,000,000	-	-	-	-
Total	9 persons	9 persons	9 persons	9 persons

(II) General Manager’s and Vice Presidents’ remuneration

Unit: NTD thousand

Title	Name	Salary (A)		Pension (B)		Bonuses and Allowances etc. (C)		Remuneration to Employees (D) (Note 1)				The sum of A, B, C and D as a percentage of after-tax profit (%)		Remuneration Received from the Invested Companies Other than the Subsidiaries and the Parent Company
		The Company	All Companies Shown in the Financial Repor	The Company	All Companies Shown in the Financial Repor	The Company	All Companies Shown in the Financial Report	The Company		All companies Shown in the Financial Report		The Company	All Companies Shown in the Financial Report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
General Manager	Chen, Chun-Hsia	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The employee remuneration amount listed above is a provisional estimate.

The brackets of remunerations to all General Manager and Vice Presidents of the Company	Names of General Manager and the Vice Presidents	
	The Company	All Companies Shown in the Financial Report
> NTD1,000,000	Chen, Chun-Hsia	Chen, Chun-Hsia
NTD1,000,000 - NTD2,000,000 (exclusive)	-	-
NTD2,000,000 - NTD3,500,000 (exclusive)	-	-
NTD3,500,000 - NTD5,000,000 (exclusive)	-	-
NTD5,000,000 - NTD10,000,000 (exclusive)	-	-
NTD10,000,000 - NTD15,000,000 (exclusive)	-	-
NTD15,000,000 - NTD30,000,000 (exclusive)	-	-
NTD30,000,000 - NTD50,000,000 (exclusive)	-	-
NTD50,000,000 - NTD100,000,000 (exclusive)	-	-
> NTD100,000,000	-	-
Total	1 person	1 person

(III) Name of the managers received remuneration and the distribution of remuneration:

Unit: NTD thousand

Title		Name	Stock Amount	Cash Amount (Note)	Total	As a Percentage of Net Profit After Tax (%)
Manager	General Manager	Chen, Chun-Hsia	0	0	0	0
	Division head	Chien, Hung-Cheng				
	Division head	Chiang, Ching-Wei				

Note: The amount of employee remuneration listed above is a provisional estimate.

(IV) Separately compare and describe total remuneration, as a percentage of reports or individual financial reports net income stated in the parent Company only financial reports or individual financial reports, as paid by this Company and by each other Company included in the individual or consolidated financial statements during the last two years to directors, general managers, and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. Total remuneration, as a percentage of net income paid by this Company during the last two years to directors, supervisors, general managers, and vice presidents

Unit: NTD thousand

Item \ Year	2022		2021	
	The Company	All Companies Shown in the Consolidated Report	The Company	All Companies Shown in the Consolidated Report
Net profit after tax	4,454	4,454	99,589	99,589
Total remuneration to directors as a percentage of net profit after tax	138.93%	138.93%	6.82%	6.82%
Total remuneration to general managers and vice presidents as a percentage of net profit after tax	0%	0%	5.08%	5.08%

In 2022, compared with last year, remuneration to directors as a percentage of net profit after tax increased, mainly due to the sharp decline in the Company’s net profit after tax, and total remuneration to general managers and vice presidents as a percentage of net profit after tax decreased, mainly due to the chairman was doubled as general manager and didn’t draw remuneration of general manager from August,2021.

2. Policies, standards, and packages for employees listed above payment of remuneration, the procedures for determining remuneration and its linkage to business performance

Remuneration policy, standard and combination

(1) The directors of the company shall be paid remuneration for the services they rendered and the amount is determined based on their involvement in the company's operation, contribution to the company, the Articles of Incorporation, and industry norm. In addition, according to the Articles of Incorporation, the company may allocate up to 3% of the year retained earnings into director's remuneration. The remuneration committee takes into consideration of annual operating performance and suggests an actual allocation ratio to the board of directors for approval. The

independent directors are paid fixed monthly remuneration determined by the board and no distributions of earnings are allocated.

(2) Managerial remuneration is paid following the remuneration regulation of work allowances and bonuses to show compassion and reward employees for their hard work while bonuses are subject to the company's annual performance, financial results, operating condition and individual performance. In accordance with the Articles of Incorporation, the company shall allocate at least 0.5% of retained earnings into employee remuneration. The issuance of manager's bonuses is based on the results of relevant performance evaluation measure. The performance evaluation indicators for managers are divided into financial indicators (company's income statement, earnings contribution, and goal achievement rate), and non-financial indicators (realization of company's core values, operational management capabilities, timely response depend upon actual situation and relevant laws and regulations.)

(3) The combinations of remuneration paid by the company are defined in the Rules of the Remuneraion Committee, including cash remuneration, retirement benefits,severance payments, various allowances and other incentives; the scope and matters of the remuneration of directors and managers shall be recorded in the annual reports.

Procedure for setting remuneration

(1) The company assesses the remuneration of directors and managers on a regular basis based on the results of the company's annual performance and relevant performance evaluation measure applicable to managers and employees.

(2) Relevant performance appraisal and remuneration rationality of the directors and managers are reviewed by the remuneration committee and the board of directors every year. In addition to the individual goal achievement rate and contribution to the company, the overall operating performance of the company, future insurance and development trend of the industry, as well as timely review of remuneration system with respect to the real-time operating conditions and relevant regulation. The actual remuneration for directors and managers in 2022 is reviewed by the remuneration committee and submitted to the board of directors for approval

Relevance to business performance and future risks

(1) The company's payment standards and systems related to remuneration policy are mainly based onthe company's operation, and payment standards are determined based on the goal achievement rateand contribution. The company also refers to the industry standard to assure the competiveness of theremuneration provided to the company's management and therefore retains outstanding management talents.

(2) The performance objectives of the company's managers are related to the risk control management to ensure the effective management and prevention of possible risks within the scope of responsibilities, and their performance evaluation is linked to human resources and remuneration policies. Management shall take into account of various risk factors in making their major decisions as the results of decisions will reflect in company’s profitability.

IV. Corporate governance

(I) Facts about performance by the board of directors:

In 2022, the Company's Board of Directors convened a total of six meetings where the facts of participation by the directors are enumerated below:

Title	Name	Actual Attendance	Proxy Attendance	Actual Attendance (%)	Remark
Chairman	Hong Cheng Investment Ltd. Representative: Chen, Chun-Hsia	6	0	100	Re-elected after reelection
Director	MARUMI Electronics Corporation Representative: Huang, Shan-Jung	6	0	100	Re-elected after reelection
Director	Director: MARUMI Electronics Corporation Representative: Wu, Cheng-Che	6	0	100	Re-elected after reelection
Director	Director: Hong Yu Investment Ltd. Representative: Chen, Chih-Cheng	6	0	100	Re-elected after reelection
Independent Director	Wen, Sen-Tai	2	0	100	Resign after reelection
Independent Director	Hsieh, Ming-Jen	2	0	100	Resign after reelection
Independent Director	Li, Kun-Chang	4	0	100	New after reelection
Independent Director	Hsu, Ying-Chieh	6	0	100	Re-elected after reelection
Independent Director	Chou, Hui-Yu	4	0	100	New after reelection

Note: On June 16, 2022, the board of directors of the regular shareholders meeting was fully re-elected

Other remarks:

I. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors:
   1. Issues listed in Article 14-3 of the Securities and Exchange Act: The Company has established an audit committee which does not apply to Article 14-3. Issues description under Article 14-5 of the Securities and Exchange Act, please refer to Page 21 of the operation of the Auditing Committee.
   2. Other than the aforementioned issues, the issue objected by an independent director or where an independent director maintain a qualified opinion with record or documented declaration in a decision resolved by the Board of Directors: None.

II. The implementation of directors' avoidance of conflicting interest agendas:
   1. On March 16, 2022, the Company discussed the proposal of the relevant measures for the remuneration to independent directors. Except for the recusal of independent directors Hsu, Ying-Chieh; Wen, Sen-Tai, and Hsieh, Ming-Jen, the remaining directors present passed the proposal without objection.
   2. On June 16, 2022, the Company appointed members of the fifth compensation committee. Except for the recusal of independent directors Mr. Hsu, Ying-Chieh, Mr. Li, Kun-Chang, and Ms. Chou, Hui-Yu, the remaining directors present passed the proposal without objection.
   3. On August 11, 2022, the Company discussed the Company's 2021 remuneration distribution plan for managers and employees. Except for the recusal of the chairman and general manager Chen, Chun-Hsia, and the acting chairman Huang, Shan-Jung consulted other directors and passed it without objection.
   4. On August 11, 2022, the Company discussed the Company's 2021 director remuneration distribution plan. Except for four people who avoided the board chairman Chen, Chun-Hsia, director Chen, Chih-Cheng, director Huang, Shan-Jung, and director Wu, Cheng-Che, the acting chairman, independent director Hsu, Ying-Chieh, consulted other directors and passed it without objection.
   5. The Company discussed on December 11, 2022, the year-end bonus proposal of the Company's managers in 2022, except for the recusal of chairman Chen, Chun-Hsia, the acting chairman Hsu, Ying-Chieh consulted all the directors present passed without objection.

III. The Company is required to disclose the cycle, duration, scope, method, and content of board self-evaluations (or peer-evaluation) performed:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once a year	2022	Board of Directors, Directors, Functional Committees (including Audit Committee and Compensation Committee)	Self-evaluation	1. The performance evaluation of the board of directors includes five aspects: the degree of participation in the Company's operations, the improvement of the decision-making quality of the board of directors, the composition and structure of the board of directors, the election and continuing education of directors, and internal control. 2. The evaluation content of directors (self or peers) includes six aspects: mastering company goals and tasks, directors' responsibilities awareness, the degree of participation in the Company's operations, internal relationship management and communication, professional and continuing education of directors, and internal control. 3. The performance evaluation of functional committees includes five aspects: the degree of participation in the Company's operations, functional committees' responsibilities awareness, improvement of decision-making quality of functional committees, composition and election of functional committees, and internal control.

IV. Evaluation of the goals and implementation status of strengthening the functions of the board of directors in the current year and the most recent year: To strengthen corporate governance, the Company has established an audit committee composed of all independent directors under the Securities and Exchange Act to effectively establish the governance system of the board of directors and improve the supervision function, and strengthen management function.

(II) The operation of the Auditing Committee

In 2022, the Company's Audit Committee convened a total of five meetings where the facts of participation by the independent directors are enumerated below:

Title	Name	Actual Attendance	Proxy Attendance	Actual Attendance (%)	Remark
Convener/ Committee	Hsu, Ying-Chieh	5	0	100	Re-elected after reelection
Committee	Wen, Sen-Tai	2	0	100	Resign after reelection
Committee	Hsieh, Ming-Jen	2	0	100	Resign after reelection
Convener	Li, Kun-Chang	3	0	100	New after reelection
Committee	Chou, Hui-Yu	3	0	100	New after reelection

Note: On June 16, 2022, the Audit Committee was re-elected. After the re-election, the convener was changed from independent director Hsu, Ying-Chieh to independent director Li, Kun-Chang.

Other remarks:

I. Where any one among those enumerated below exists as the performance by the Audit Committee, the convention date, term, contents of agenda, outcome of the decision resolved in the Audit Committee as well as the Company's opinions toward the Audit Committee's opinions should be expressly remarked.

(I) Issues listed in Article 14-5 of the Securities and Exchange Act: 5 Audit Committee meetings were held in 2022, and the resolutions were as follows (Note 1). The Audit Committee approved the issues listed in Article 14-5 of the Securities and Exchange Act.

(II) Except the aforementioned issue, other issue not yet resolved in the Audit Committee but has been duly resolved by two-thirds majority of the total number of director seats: None.

II. With respect to the avoidance of conflicting interest agendas, describe the names of independent directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions: None.

III. Facts of communications by and between independent directors and the internal audit supervisors as well as CPA(s):

(I) Facts of communications between the internal audit supervisors and Audit Committee:

The Company's internal audit supervisors regularly report the audit results to the audit committee via individual meetings and deliver the internal audit report at the audit committee meeting quarterly, and also report to the audit committee immediately in case of special circumstances.

Summary of communication sessions in 2022 between internal audit supervisors and the Audit Committee:

Date	Attendee	Matters	Results
March 16, 2022	Independent Director Hsieh, Ming-Jen Independent Director Wen, Sen-Tai Independent Director Hsu, Ying-Chieh Audit Supervisor Chen, Shu-Ping	The implementation of internal audition on Q4 in 2021	No objection
April 29, 2022	Independent Director Hsieh, Ming-Jen Independent Director Wen, Sen-Tai Independent Director Hsu, Ying-Chieh Audit Supervisor Chen, Shu-Ping	The implementation of internal audition on Q1 in 2022	No objection
August 11, 2022	Independent Director Li, Kun-Chang Independent Director Hsu, Ying-Chieh Independent Director Chou, Hui-Yu Audit Supervisor Chen, Shu-Ping	The implementation of internal audition on Q2 in 2022	No objection
November 11, 2022	Independent Director Li, Kun-Chang Independent Director Hsu, Ying-Chieh Independent Director Chou, Hui-Yu Audit Supervisor Chen, Shu-Ping	The implementation of internal audition on Q3 in 2022	No objection

(II) The communication between the CPA and governance bodies:

The CPA shall communicate the Company’s financial statements (annual and include A parent company only financial statement) with the Audit Committee in writing or in person at the planning and completion stage in accordance with Statement of Auditing Standards No. 39 Communication with those Charged with Governance of an Audited Entity and the Securities and Futures Bureau’s Tai-Cai-Zheng- (VI)-Zi Letter No. 0930105373 dated March 11, 2004. The Audit Committee of the company communicated well with the CPA.

The summary of communication between CPA and governance bodies in 2022 is as follows:

Date	Attendee	Matters	Results
March 16, 2022	Independent Director Hsu, Ying-Chieh Independent Director Wen, Sen-Tai Independent Director Hsieh, Ming-Jen CPA Lin, Chia-Hung	1. The CPA explained the audit results of Q4 financial statements in 2021 and communicated and explained key audit items. 2. The CPA discussed and communicated the questions raised by the participants.	The financial statements being approved by the Audit Committee were submitted and have been approved by the Board of Directors, and announced as scheduled and declare to the competent authority.
August 11, 2022	Independent Director Li, Kun-Chang Independent Director Hsu, Ying-Chieh Independent Director Chou, Hui-Yu CPA Lin, Chia-Hung	1. The CPA explained the audit results of Q2 financial statements in 2022 and communicated and explained key audit items. 2. The CPA discussed and communicated the questions raised by the participants.	The Q2 financial statements being approved by the Audit Committee were submitted and have been approved by the Board of Directors, and announced as scheduled and declare to the competent authority.

IV. The annual business highlights and operations:

(I) The annual business highlights

1. Regularly communicate the audit report results with the internal audit supervisors according to the annual audit plan.
2. Regularly communicate and review each quarter’s financial statements or the audit report results with the Company’s CPA.
3. Review the financial statements.
4. Within the control system’s effectiveness.
5. The Auditing CPA’s appointment, dismissal, remuneration and services with the matter.
6. Accountants provide an independent assessment of audit and non-audit services.
7. Reviewing assets, derivatives, loaning of funds, endorsement guarantee methods and major assets, loaning of funds, and endorsement guarantee transactions.
8. Regulations to follow.

(II) Operations in 2022: All the proposals of the audit committee have been reviewed or approved by the audit committee, and the independent directors have no objection.

Note 1: The operation of the Auditing Committee in 2022:

The Session	Discussion	Resolution	The Company's Handling of the Audit Committee's Opinion
March 16, 2022 14th meeting of the 3rd	1. Proposal for the 2021 Declaration of Internal Control System. 2. Proposal for the 2021 Business Report and Financial Statements. 3. Proposal for the amendment to the name and provisions of the Corporate Social Responsibility Practice Rules. 4. Proposal for the amendment of the provisions to the Company's Corporate Governance Best-Practice Principles. 5. Proposal for the amendment to the Article of Incorporation. 6. Proposal for the amendment to the Procedures for Acquisition and Disposal of Assets.	1.-5. The proposal has been approved by the entire committee members present voting in favor without objection. 6. The proposal has been approved by the entire committee members present voting in favor of the revised quota without objection.	Submit the resolution of the Company's board of directors.
April 29, 2022 15th meeting of the 3rd	1. Proposal for the Distribution of 2021 Profits. 2. Proposal for the Capital Surplus Cash Distribution. 3. Proposal for the amendment to the Procedures for Acquisition and Disposal of Assets. 4. Proposal for the amendment to the Rules of Procedure for Shareholders' Meetings. 5. Proposal for the CPA independence assessment on Financial Report. 6. Proposal for appointing the CPA and resolution of CPA's remuneration. 7. Proposal for 2022 Q1 Financial Statements.	The chairman consulted the entire committee members present and passed the proposal without objection.	Submit the resolution of the Company's board of directors.
August 11, 2022 1st meeting of the 4th	Proposal for 2022 Q2 Financial Statements.	The chairman consulted the entire committee members present and passed the proposal without objection.	Submit the resolution of the Company's board of directors.
November 11, 2022 2nd meeting of the 4th	1. Proposal for 2022 Q3 Financial Statements. 2. Proposal for the amendment to the Internal Control System.	The chairman consulted the entire committee members present and passed the proposal without objection.	Submit the resolution of the Company's board of directors.
December 16, 2022 3rd meeting of the 4th	Proposal for the 2023 Internal Auditing Plan.	The chairman consulted the entire committee members present and passed the proposal without objection.	Submit the resolution of the Company's board of directors.

(III) Composition, Responsibilities and Operation of the Compensation Committee

1. Information on the members of the Compensation Committee

December 31, 2022

<table>
<tr><th colspan="2">Qualification
Identity / Name</th><th>Professional Qualification and Experience</th><th>Compliance of Independence</th><th>Number of Other Public Companies where the Members are also the Members of the Compensation Committee of these Companies.</th></tr>
<tr><td>Independent Director</td><td>Hsu, Ying-Chieh</td><td>Education:
1. Master of Accounting, EMBA of College of Management, National Taiwan University
2. Department of Law, National Taipei University
Experience:
1. Taiwan Taipei District Court Mediation Committees Member
2. Taiwan Changhua District Court Mediation Committees Member
3. The 5th and 6th Legal Counsel of the Federation of Labor
4. Counsel of General Chamber of Commerce
5. Legal Counsel of Taiwan Chamber of Commerce & Industry</td><td rowspan="3">Maintain independence within the scope of business execution, have no direct or indirect interest relationship with the Company, and have no one of the following circumstances in the two years before the election and during the term of office.
1. Employed by the Company or any of its affiliated companies.
2. Directors and supervisors of the Company or any of its affiliated companies.
3. The person, spouse, minor children, or natural person shareholders who hold more than 1% of the Company's total issued shares or the top ten shareholders in the name of others.
4. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1. or any of the persons stated in preceding two.
5. Directors of corporate: shareholders who directly hold more than 5% of the Company's total issued shares, are the top five shareholders, or designate representatives to serve as company directors or supervisors under Article 27, Paragraphs 1 or 2 of the Company Act, supervisor or employee.
6. More than half of the directors or voting shares of the Company and other companies are controlled by the same person, who is a director, supervisor, or employee of the other Company.
7. If the chairman, the general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director (council member), supervisor, or employee of that other company or institution.
8. A director (council member), supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.
9. A professional individual who, or an owner, partner, director (council member), supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the last two years has received cumulative compensation exceeding NT$500 thousand, or a spouse thereof. Provided that this restriction does not apply to a member of the Compensation Committee, public tender offer review Committee or special Committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act, the Business Mergers and Acquisitions Act, or related law and regulations.</td><td>2</td></tr>
<tr><td>Independent Director</td><td>Li, Kun-Chang</td><td>Education:
1. Doctor of Management, National Central University
Experience:
1. Dean of Student Affairs Office of Soochow University
2. Dean of Accounting Department of Soochow University
3. Executive Director of Franklin Financial Technology Development Center, Business School of Soochow University
4. Associate Professor of Soochow University
5. Assistant Professor at Soochow University
6. CEO of Premier Think Tank Co., Ltd.
7. CEO of Premier CPAs Firm
8. Audit Department of Deloitte & Touche</td><td>3</td></tr>
<tr><td>Independent Director</td><td>Chou, Hui-Yu</td><td>Education:
1. Master of Law, Soochow University
2. Department of Accountancy, National Cheng Kung University
Experience:
1. CEO of Jan Da Construction Co., Ltd.
2. Vice President/ Spokesperson of Radium Life Tech. CO., Ltd.</td><td>2</td></tr>
</table>

2. Responsibility of the Compensation Committee

The compensation committee shall handle responsibly, and faithfully perform the official powers listed below, regularly evaluate, review and formulate the policies, systems, standards, and structure of performance evaluation and remuneration of directors and managers, and shall submit its recommendations for deliberation by the board of directors for discussion.

3. Information on the operation of the Compensation Committee
   (1) The Company's Compensation Committee has three Committee members in total.
   (2) Tenure of Committee members in the current session: June 16, 2022 - June 15, 2025.

   In 2022, the Compensation Committee convened in a total of three meetings. The participation facts of the Committee members are enumerated below:

Title	Name	Actual Attendance	Proxy Attendance	Actual Attendance (%)	Remark
Convener	Hsieh, Ming-Jen	1	0	100	Resign after reelection
Committee	Wen, Sen-Tai	1	0	100	Resign after reelection
Committee/ Convener	Hsu, Ying-Chieh	3	0	100	Re-elected after reelection
Committee	Li, Kun-Chang	2	0	100	New after reelection
Committee	Chou, Hui-Yu	2	0	100	New after reelection

Note: After the reappointment of the compensation committee on June 16, 2022, the convener changed from independent director Hsieh, Ming-Jen to independent director Hsu, Ying-Chieh.

Other remarks:

I. Where the board of directors does not adopt or amend the proposal(s) posed by the Compensation Committee: The Company shall expressly elaborate on the date, term while the board of directors meeting was convened, contents of the issues, outcome of decisions resolved in the board of directors and the Company's response to the opinions posed by the Compensation Committee(For instance, if the salary pay resolved by the board of directors is higher than that proposed by the Compensation Committee, the Company should elaborate on the fact of differential gap and the cause thereof): None.

II. Where a decision resolved in the Compensation Committee is found in contravention of rules or in qualified opinion as verified with records or documented declaration, the Company shall expressly elaborate on the date, terms of the meeting convened by the Compensation Committee, contents of agenda, opinions of all members and acts taken in response to such opinions: None.

III. Discussion reasons and resolution results of the compensation committee and the Company's handling of members' opinions:

Compensation Committee Date	Proposals	Resolution Results and All Members' Opinions
March 16, 2022	1. Proposal for the 2021 Remuneration to the Employees and Directors.	The proposal has been approved by the entire committee members present voting in favor without objection
	2. Proposal for Amendments to the Remuneration to Directors Measures.	The proposal has been approved by the entire committee members present voting in favor without objection
August 11, 2022	1. Proposal for the 2021 Distribution of Remuneration to Managerial Officers.	The proposal has been approved by the entire committee members present voting in favor without objection
	2. Proposal for the 2021 Distribution of Remuneration to Directors.	The proposal has been approved by the entire committee members present voting in favor without objection
	3. Proposal for Amendments to the Remuneration to Directors Measures.	The proposal has been approved by the entire committee members present voting in favor without objection
December 16, 2022	1. Proposal for the 2022 Year-end bonus for managers.	The proposal has been approved by the entire committee members present voting in favor without objection

IV. Scope of Duties and Powers of the Compensation Committee:

The Compensation Committee Members shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the Board of Directors:

1. Formulate and review the performance evaluation and remuneration policy for directors and managerial officers.
2. Periodically evaluate and prescribe the remuneration of directors, and managerial officers.

(IV) Performance in corporate governance and the differential gap between corporate governance and Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the cause thereof:

Assessment Items	Actual Governance (Note)			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
I. Will the Company based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies set up and disclose the Company's corporate governance best-practice principles?	✓		The Company has Corporate Governance Best-Practice Principles, which aim to protect the rights and interests of shareholders, strengthen the functions of the board of directors, respect the rights and interests of stakeholders, and improve information transparency. For the Company's corporate governance principles and related measures, please inquire on the Company's website.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
II. Shareholding structure and shareholders' equity.				
(I) Will the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?	✓		The Company has a spokesperson system and a dedicated shareholder service contact window (public@onano-nm.com) to reply to shareholders' feedback and handle shareholder suggestions, doubts, disputes, and litigation matters.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
(II) Will the Company possess the list of the Company's major shareholders and the list of the ultimate controllers of the major shareholders?	✓		The Company shall report the change of shareholding of insiders (directors, managers, and major shareholders holding more than 10% of the shares) to the website MOPS designated by the competent authority under the law, and maintain a good relationship with investors; Establish the Regulations for the Exercise of Power and Participation in Resolutions by Controlling Corporate Shareholders will help the controlling corporate shareholders to follow when exercising their rights and participating in resolutions.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
(III) Will the Company establish and implement the risk control and firewall mechanisms with the related parties?	✓		The Company formulates the Regulations on the Supervision and Management of Subsidiaries, Administrative Measures for Group Enterprises, Specific Companies, and Related Persons Transactions, and Related Operating Standards for Financial Business between Related Enterprises to establish and implement firewalls with related companies and risk control mechanisms.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
(IV) Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?	✓		The Company has established a Management Operation to Prevent Insider Trading to regulate all employees, managers, and directors of the Company, as well as anyone who knows the Company's information based on occupation or control relationship, and prohibits any behavior that may involve insider trading to protect the investor and safeguard the Company's rights and interests, and regularly organize internal education and publicity.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
III. The constitution and obligations of the board of directors				

Assessment Items	Actual Governance (Note)			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
(I) Does the board of directors formulate and implement diversity policies, specific management objectives?	✓		1. The Company's Corporate Governance Best-Practice Principles has a diversity policy in Chapter 3 Strengthening the Functions of the Board of Directors. 2. According to the Company's Corporate Governance Best-Practice Principles and Director Election Method, the members of the board of directors should consider diversity. Except that the number of directors who concurrently serve as Company managers should not exceed one-third of the directors, consider their operations, business models, and development needs. Formulate appropriate multi-dimensional policies, including but not limited to the following two aspects standards: (1) Basic conditions and values: gender, age, etc. (2) Professional knowledge and skills: professional background, skills and industry experience, etc. (3) The specific management objectives and achievement of the Company's diversification policy are as follows: 3. Implementation of diversity policy of the 7th board of directors:	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Management Objectives	Implementation
Establish at least three independent directors and at least one independent female director	Achieved
Set up independent directors with legal, accounting and industrial backgrounds respectively	Achieved
Directors who concurrently serve as managers of the Company shall not exceed quarter of the number of directors	Achieved
At least one of the independent directors has obtained the national qualification examination and certificate related to the Company's business. For example: lawyer or accountant etc.	Achieved

Diversity Core Item / Name of Director	Gender	Professional Knowledge and Skills		Age		
		Industry or Technology	Law, Finance or Accounting	Age 41-50	Age 51-60	Age > 61
Hong Cheng Investment Ltd. Representative: Chen, Chun-Hsia	Male	✓				✓
Hong Yu Investment Ltd. Representative: Chen, Chih-Cheng	Male	✓				✓
MARUMI Electronics Corporation Representative: Huang, Shan-Jung	Male	✓	✓			✓
MARUMI Electronics Corporation Representative: Wu, Cheng-Che	Male	✓		✓		
Li, Kun-Chang	Male	✓	✓	✓		
Hsu, Ying-Chieh	Male	✓	✓	✓		
Chou, Hui-Yu	Female	✓	✓		✓	

Assessment Items	Actual Governance (Note)			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
(II) Will the Company, in addition to setting the Compensation Committee and Audit Committee lawfully, have other functional committee set up voluntarily?	✓		In addition to the compensation committee and the audit committee, the Company also has a cross-departmental sustainable committee to promote corporate social responsibility and integrity management, and toward the Company to sustainable development.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
(III) Does the company establish a method to evaluate board performance and evaluate board performance every year? Are the performance evaluation results reported to the board and used as a reference for the remuneration and nomination for re-election of directors?	✓		The Company has established the Performance Evaluation Method of the Board of Directors, and the Compensation Committee regularly reviews the policies, systems, standards, and structure of performance evaluation and remuneration of directors and managers, and submits the recommendations to the Board of Directors for discussion. According to Article 6 of the Company's Performance Evaluation Method of the Board of Directors, the Company's board of directors should conduct an internal board performance evaluation at the end of each year, which is divided into board performance evaluation, board members (self or peers) and functional committee performance self-evaluation questionnaire. The board performance appraisal has five aspects: participation in the Company's operations, improvement of the board's decision-making quality, board composition and structure, director election and continuing education, and internal control, with a total of 25 items. Board members (self or peers) evaluate six aspects: mastering Company goals and tasks, director responsibilities awareness, degree of participation in company operations, internal relationship management and communication, professional and continuing education of directors, and internal control, with a total of 23 items. The performance evaluation of functional committees has five aspects: the degree of participation in the Company's operations, the recognition of the responsibilities of functional committees, the improvement of the decision-making quality of functional committees, the composition of functional committees, and the election of members, and internal control, with a total of 24 items. In 2022, the average actual attendance rate of the board of directors was 100%, the actual attendance rate of the audit committee and the compensation committee was 100%, and all directors had completed the required training hours for directors. The board of directors and the functional committee operate quite mature overall. Relevant compliance with laws and regulations, risk control, and auditing matters can all be competent and perform the duties of directors' supervision. According to Article 20 of the Articles of Incorporation, the remuneration of the Company's directors shall not exceed 3% of the annual profit. The compensation committee and the board of directors shall be based on the Company's operating results and the Directors and Supervisors' Remuneration Distribution Method and refer to the performance evaluation results of directors to set directors' remuneration. According to the performance evaluation results of the board of directors in 2022, the overall operation of the board of directors is excellent. The results of this performance evaluation were presented in the Board Report dated March 10, 2023.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Assessment Items	Actual Governance (Note)			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
(IV) Will the Company have the independence of the public accountant evaluated regularly?	✓		The audit committee of the Company evaluates the independence of the CPA regularly every year and reports the evaluation results to the board of directors. Assessment mechanism: 1. The CPA of the Company is not related to the Company and the directors. 2. The Company complies with the provisions of the Corporate Governance Best-Practice Principles to handle the rotation of CPAs. 3. The CPAs report to the Audit Committee on compliance with the implementation of review/audit content and independence every six months. 4. Regularly Acquisition Accountant's Independence Statement. Assessment Result: 1. The independence between CPA and the Company complies with the relevant provisions of the Certified Public Accountant Act and the CPA code of professional ethics. 2. The Company has not appointed the same CPA for seven consecutive years. The Company has included the Audit Quality Indicators in the appointment evaluation for audit services and CPAs have reported with Audit Committee before the appointment of audits services for 2023 accordingly.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
IV. Does a public company equip an appropriate number of eligible governance personnel and assign the governance officer to take charge of company's governance affairs (including, without limitation, providing directors and supervisors with the data required for business operations, assistance for the legal compliance of directors and supervisors, handling affairs related to holding a board meeting or a general meeting of shareholders and producing minutes for board meetings and general meetings of shareholders)?	✓		The Company's corporate governance affairs are supervised by the chairman's office, and the finance department is responsible for implementing various corporate governance-related affairs. The Company passed a resolution on March 10, 2023, and appointed Chiang, Ching-Wei, division head of the finance department as the director of corporate governance to protect shareholders' rights and strengthen the functions of the board of directors. Division head, Chiang, Ching-Wei, commands public offering companies in finance and related governance officer work experience for over three years. The duty of the governance officer is to handle the affairs related to holding the board meeting or the general meeting of shareholders, producing the minutes for board meetings and general meetings of shareholders, providing directors and independent directors with the data required for business operations, assisting directors and independent directors in maintaining legal compliance.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
V. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	✓		1. The Company attaches great importance to the balance of rights and obligations among interested parties such as stakeholders, employees, customers, and suppliers. In addition to maintaining good communication with interested parties, the Company also publishes on the Company website (URL: http://www.onano-nm.com/interest.html) an e-mail box for interested parties to complain, and it will be handled by a specially-assigned person. 2. The Company's website has a Corporate Governance section for investors to inquire and download relevant regulations on corporate governance; there is also a section for interested parties to properly respond to relevant issues of concern to interested parties, including corporate social responsibility.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Assessment Items	Actual Governance (Note)			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
VI. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	✓		The Company mandates the Registrar & Transfer Agency Department of KGI Securities Co. Ltd. to be the Company's shareholder services agent and to handle the affairs of the shareholders' meeting.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
VII. Disclosure of information				
(I) Does the Company have a website setup and the financial business and corporate governance information disclosed?	✓		The Company set up a public website and regularly disclose the financial business and corporate governance relevant information. The Company website is: http://www.onano-nm.com/ . Disclosure of financial information: The Company's website has an investor section to disclose financial information, which is regularly updated for investors' reference. Disclosure of business information: The Company's website provides information on various business products of the Company in terms of "main production services", "production substrate size", "slimming capability", and "product application" according to various product services. Disclosure of corporate governance information: The Company has disclosed major information and announcements, performance evaluation of the board of directors, members of the board of directors/audit committee/ compensation committee, independent directors, internal audit supervisors, and CPA(s) communication situation, corporate governance regulations and other information under the corporate governance item of the investor section on the website.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
(II) Has the Company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)?	✓		The Company has set up an English website, the URL is: http://www.onano-nm.com/index_EN.html In addition, there is a specially-assigned person responsible for the collection and disclosure of information, and a spokesperson system and a dedicated shareholder service unit have been established. Information is updated on the Company website in real-time.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
(III) Does the company announce and report its financial statements within two months after the end of a fiscal year, and publish and declare in advance the financial statements of Q1, Q2 and Q3 as well as status of monthly operations?		✓	The Company completed the 2022 consolidated and individual financial report announcement and declaration on March 10, 2023; the consolidated financial report for the first, second, and third quarters of 2022 and the monthly revenue were also announced on the MOPS before the prescribed deadline. Declare and upload to the Company's website simultaneously.	The Company will discuss and formulate the possibility of announcing and submitting the annual financial report within two months after the end of the fiscal year.

Assessment Items	Actual Governance (Note)			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
VIII. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?	✓		1. In addition to establishing an employee welfare committee and implementing a pension system, employees are encouraged to participate in various training courses and technical seminars at home and abroad, plan employee group insurance and arrange regular health checkups, pay attention to labor relations, and provide equal employment opportunities. 2. The Company has established a complete spokesperson system and discloses company information in accordance with relevant laws and regulations to protect the basic rights and interests of investors. 3. The Company has established a supplier evaluation and review procedure, and only those who pass the review can become partners, and the Company has a good relationship with suppliers and smooth communication channels. 4. The Company attaches great importance to the balance of rights and obligations among interested parties. In addition to maintaining good communication with interested parties, the Company also publishes information on the Company website (URL: http://www.onano-nm.com/interest.html) with an e-mail which is used for the complaints of interested parties and will be handled by a specially-assigned person. 5. Continuing education for directors: The directors of the Company have completed the training in 2022 in accordance with the hours specified in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEx Listed Companies. 6. Implementation of risk management policies and risk measurement standards: The Company focuses on its business and cooperates with relevant laws and regulations to implement various policy promotions to reduce and avoid any possible risks. 7. Implementation of customer policy: The Company and customers have designated personnel as regular communication channels to keep abreast of customer dynamics and ensure the best interests of both parties through a good negotiation mechanism. 8. The Company purchases liability insurance for directors: the Company has purchased liability insurance for directors and managers and will report to the board of directors the insured amount, scope of coverage, and insurance premium rate of the liability insurance.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
IX. Please describe the improvement performed according to the corporate governance evaluation results published by the Governance Center of Taiwan Stock Exchange in recent years, and propose the matters with priority for improvement and the respective measures and Corporate: The Company ranked 51%-65% in the 2022 Taiwan Stock Exchange Corporate Governance Evaluation. The Company continues to improve corporate governance, regularly self-examines the protection of shareholders' rights and interests, the functions of the board of directors and the audit committee, information transparency, internal control and internal audit systems, business strategies, and the actual implementation of evaluation indicators interested parties and social responsibilities. Continuously demonstrate sustainable strength with all aspects of the economy, environment, and society, and will continue to uphold the corporate core value of integrity and integrity, and take long-term sustainable responsibility to all interested parties and society.				

Note: The operation is based on the Company as the main body. Check "Yes" and "No", and please refer to the content of the summary.

(V) Implementation of the promotion of sustainable development and the deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Performance (Note)</th><th rowspan="2">Deviation and Causes of Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>I. Does the Company have a specific (or part-time) unit set up to promote the sustainable development governance framework, and the Board of Directors authorizing the management to handle matters and report the supervision results to the Board of Directors?</td><td>✓</td><td></td><td>The Company promotes the operation of corporate social responsibility through the Sustainable Committee, and keeps abreast of the development of relevant domestic and foreign corporate social responsibility standards and changes in the corporate environment, to review and improve the corporate social responsibility system established by the Company to enhance the performance of corporate social responsibility, and regularly report the handling situation to the board of directors.</td><td>Comply with the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies</td></tr>
<tr><td>II. Does the company assess the risk of environmental, social, and governance (ESG) issues in relation to corporate operations based on the materiality principles and establish policies or strategies in relation to risk management?</td><td>✓</td><td></td><td>The Company based on the principle of materiality describes the assess the environmental, social, and governance (ESG) issues concerning operations based on the materiality principles and establishes policies or strategies with risk management as follows:
<table>
<tr><th>Issues</th><th>Risk Assessment</th><th>Risk Management Policies or Strategies</th></tr>
<tr><td>Environment</td><td>Hazard risk</td><td>The Company is committed to environmental protection, implements energy saving and carbon reduction, resource recovery, and reuse of waste and recycled chemicals, which effectively reduces pollution emissions and impact on the environment; at the same time, plans and programs for implementation are formulated every year and regularly track and review the progress of each goal to ensure the achievement of the goal.</td></tr>
<tr><td>Society</td><td>Operation risk</td><td>The Company conducts various industrial safety inspections and inspections daily to actively improve and strengthen the safety of the workplace environment to reduce the risks to employees' health and safety. In addition, in terms of talent management, besides character and ability, the first requirement is based on the right person and the right place, and an employee suggestion box is set up to construct two-way communication.</td></tr>
<tr><td>Corporate governance</td><td>Operation risk</td><td>Actively research and develop new products in response to changes in the industry’s prosperity. In addition, continue to develop customers and suppliers to reduce supply chain risks.</td></tr>
</table></td><td>Comply with the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies</td></tr>
</table>

Promotion Items	Performance (Note)			Deviation and Causes of Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
III. Environmental issues				
(I) Does the company have an appropriate environmental management system established in accordance with its industrial characteristics?	✓		In addition to the establishment of an environmental protection unit, the Company is committed to complying with relevant environmental protection regulations, and the factory has introduced the ISO 14001 environmental management system.	Comply with the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies
(II) Is the Company committed to enhancing all resources efficiency and using renewable materials that are with low impact on environmental impacts?	✓		The Company complies with various laws and regulations related to environmental protection and responds to the reuse of waste, the use of recycled chemical solutions, and the recycling and classification of resources, and at the same time publicizes the importance of environmental protection to employees.	Comply with the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies
(III) Does the Company assess the present and future potential risks and opportunities of climate change on the Company and take actions to related?	✓		The United Nations has clearly defined carbon reduction targets through the Paris Agreement in 2015 and the impact and impact of climate change on the global economy, society, and environment has become more and more significant. Therefore, the issue of climate change has now become the focus of attention. Green operation, environmental protection, and sustainable development are the Company's social responsibilities and commitments. Based on this, the Company comprehensively promotes environmental protection work, clearly stipulates the Company's obligation to implement environmental protection in the Corporate Social Responsibility Practice Rules, and incorporates climate change issues into risk management, relevant departments conduct regular risk assessments and reviews in order to respond and deal with them immediately and reduce the impact of risk events. The Company currently establishes a management and control mechanism for the potential risks of climate change and energy as follows:	Comply with the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies

Climate Change Risk	Countermeasures and Related Actions in the Current Year
The change caused the intensity of the storm to increase, and the Taiwan Power Company grid was cut off without warning, resulting in operational interruption and increased risk of manpower repairs	Taiwan Power Company'' power source adopts an underground cable design to avoid weather disasters affecting the power transmission and distribution network of utility poles and installs fire emergency generators and ATS power switches to use diesel generators to provide the use of major equipment to reduce loss of power failures without warning.

Promotion Items	Performance (Note)			Deviation and Causes of Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
			Abnormal energy equipment affects the risk of process equipment operation and production yield: 1. The high-voltage power equipment will be regularly inspected by the electromechanical testing company every month, and the infrared temperature measurement and maintenance of the whole plant will be carried out every year to ensure that the main power supply equipment in the plant is normal. 2. Emergency generators and ATS power switch use diesel generator set and maintain and test according to the maintenance cycle.	
(IV) Did the Company produce statistics on greenhouse gas emissions, water consumption, and total waste in the last two years? Has the Company established policies for greenhouse gas reduction, energy saving and carbon reduction, water conservation, and waste management?	✓		The Company has set greenhouse gas emissions, water consumption, and waste reduction goals compared with the previous year. The self-inspection of the whole plant for 2022 and 2021 is estimated to be 4,419,214Kg and 4,432,191Kg of carbon dioxide emissions based on electricity and water bills. Reduced by 0.29%; Water consumption was 116,881 metric tons and 173,103 metric tons, a decrease of 32.48%; total waste was 3,805.19 metric tons and 4,828.65 metric tons, a decrease of 21.20%. Continue to teach employees how to turn off the lights, encourage colleagues to go up and down floors to take the stairs instead, and implement control measures such as setting the temperature of air conditioners and saving energy, to improve the use of resources and achieve the goals of the green operation, environmental protection, and sustainable development.	Comply with the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies
IV. Social issues				
(I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	✓		The Company abides by the Labor Standards Act and other relevant laws and regulations, formulates employee work rules, and protects the rights and interests of employees. For non-national employees employed, all respect the internationally recognized basic labor human rights principles and protect their legitimate rights and interests. In addition, comprehensively consider relevant international standards, including the International Bill of Human Rights, the International Labor Organization-Declaration on Fundamental Principles and Rights at Work, and the Ten Principles of the United Nations Global Compact, to treat and respect all employees, contracts and temporary personnel, interns, etc. with dignity.	Comply with the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies
(II) Has the company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflected business performance and achievements in the remuneration for employees?	✓		The Company formulates reasonable welfare measures such as salary design, employee vacations, and employee benefits, all of which are formulated and implemented in accordance with relevant management methods. Conduct employee performance appraisals at the mid-term and year-end. Through appraisal interviews, verification and appraisal are achieved, and the appraisal results are used as the basis for promotion and payment of remuneration. In addition, Article 20 of the Articles of Incorporation stipulates that if the Company makes a profit in the current year, it should allocate at least 0.5%of retained earnings into employee remuneration.	Comply with the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies

Promotion Items	Performance (Note)			Deviation and Causes of Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		The Company measures the labor operation environment according to the law to provide necessary safety protection and a comfortable working environment. In addition to regular health checks for employees, follow-up health management is carried out based on the results of the physical examination. Special operation inspection personnel are included in case management. At the same time, doctors are hired to visit the factory to provide health consultation services for colleagues. In addition, the Company’s safety and health education and training are classified according to the nature of the work as follows: 1. New recruits and general labor safety and health education and training: (1) Outline of Laws and Regulations Related to Occupational Safety and Health (2) Occupational safety and health concept and safety and health work rule (3) Automatic inspection before, during and after operation (4) Standard operating procedures (5) Emergency response (6) Fire and first aid knowledge and drills (7) Other safety and health knowledge related to labor operations 2. Hazardous and harmful substances safety and health education and training: (1) Hazardous and harmful substances communication Plan, labeling content and meaning (2) Hazardous substances, characteristics of harmful substances and hazards to human health (3) Emergency procedures (4) Safe operating procedures for the use, storage, handling and disposal of hazardous and harmful Substances 3. Safety and health education and training for business executives at all levels: (1) Safety and health management and execution (2) Automatic check (3) Improve working methods (4) Safe Operating Standards 4. Those who engage in operations that are particularly harmful to health shall receive special safety and health education and training and must work under the supervision of on-site supervisors who have obtained qualification certificates.	Comply with the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies
(IV) Does the Company have an effective career capacity development training program established for the employees?	✓		In order to improve the quality of human resources and enhance the working knowledge and skills of employees, the Company conducts training for new recruits, on-the-job training, and external education and training from time to time according to the employees’ own conditions and work needs; At the same time, to ensure mastery of training direction	Comply with the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed

Promotion Items	Performance (Note)			Deviation and Causes of Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
			and implementation effectiveness, in the fourth quarter, the Human Resources Department launched the drafting of the education and training plan based on the Company-wide annual policy and training needs survey. The content of the plan includes the Company-wide education and training plan, cross-departmental and internal departmental training plans, and is reviewed on a quarterly basis Implementation status, and proposed correction and improvement measures for unreached items, so as to effectively grasp the effectiveness of specific training for employees.	Companies
(V) Does the company comply with the related laws and regulations and international standards regarding the customer health and safety, customer privacy, marking communication, and labeling of its products and services and establish policies to protect the rights and interests of customers and procedures for grievances?	✓		1. In response to the EU Directive on the Restriction of Hazardous Substances (RoHS) in electrical and electronic equipment and the EU's new chemical policy (REACH), the Company's responsible units have grasped the fact of substances of very high concern (Substances of Very High Concern, SVHCs) in products to ensure to in line with the spirit of REACH, we also regularly collect major international environmental laws and regulations to keep abreast of the latest international regulatory trends. 2. For the health and safety of products and services, customer privacy, marketing, and labeling, the Company follows relevant laws and regulations, and international norms, properly protects the natural environment, and must not deceive, mislead, cheat, or do anything else that undermines consumer trust and damages consumer's rights and interests. At the same time, set up sufficient and professional customer service personnel, and provide a special meeting room for customers to give feedback on product information and solve customer complaints in real time. In addition, customer satisfaction surveys are carried out every six months. If the analysis of satisfaction data fails to meet the standard, the responsible unit should implement the improvement strategy and reviews it in the management review meeting of senior executives.	Comply with the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies
(VI) Has the Company established policies for management to request suppliers to comply with the relevant laws and regulations of environmental protection, occupational safety, and labor human rights? Does the Company keep track of the implementation of such policies?	✓		The Company is committed to building a sustainable supply chain and promotes suppliers' awareness and reflection of corporate social responsibility, including environmental protection, safety, health, hygiene, management systems, and business ethics. Only those who pass the review can become partners. At the same time, the Company formulates an annual audit plan to conduct audits based on the supplier's economic, environmental, and social risks. If there is a major violation of corporate social responsibility and the principle of business integrity, the business relationship will be terminated or terminated at any time. In addition, all suppliers and outsourcers are required to sign the Contractor and Supplier Work Safety Discipline Commitment Letter, which includes occupational safety, industrial hygiene, environmental protection, and labor rights, etc., to ensure that suppliers and outsourcers abide by various Safety and health, environmental protection and other related regulations.	Comply with the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies

Promotion Items		Performance (Note)			Deviation and Causes of Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
		Yes	No	Summary Description	
V.	Did the company, following internationally recognized guidelines, prepare and publish reports such as its sustainable environment report to disclose non-financial information of the company? Did the company apply for assurance or guarantee of such reports to a third-party certification body?		✓	The Company does not prepare and publish reports such as its sustainable environment report to disclose non-financial information of the Company currently.	The Company will prepare when necessary
VI.	If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies,” please describe any discrepancy between the principles and their implementation: The Company has a Corporate Social Responsibility Principles, which has relevant regulations for environmental protection, community participation, social contribution, social service, social welfare, customer rights, human rights, safety, and health, etc., which can be downloaded on the Company website (http://www.onano-nm.com/info_2.html); For the Company’s sustainable development strategy and implementation, please refer to (5) Promotion of Sustainable Development Implementation in Corporate Governance Report of this annual report.				
VII.	Other important information for the implementation of sustainable development: In addition to working hard in the business, the Company upholds the spirit of taking from society and giving back to society. It organizes volunteer services, and charity bazaars, donates materials to rural schools, disadvantaged groups, and social welfare organizations, and supports local agriculture. In addition, it actively provides job opportunities for people with disabilities to reward the locals. In terms of promoting social services and public welfare, we hope to do our best. <u>Promoting the Employment of People with Disabilities</u> For a long time, the Company has actively provided assistance and investment in employment services for people with disabilities, so that they can return to society smoothly and have stable employment.				

Note: The operation is based on the Company as the main body. Check “Yes” and “No”, and please refer to the content of the summary.

(VI) Performance in ethical corporate management inconsistency with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"

<table>
<tr><th rowspan="2">Assessment Items</th><th colspan="3">Actual Governance (Note)</th><th rowspan="2">Variation from the Ethical Corporate Management 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 colspan="5">I. Business Integrity Policy and action plans</td></tr>
<tr><td>(I) Has the Company established policies for ethical corporate management approved by the board of directors and stated such policies and practices in its regulations and external documents and in the commitment made by the board of directors and senior management to actively implement such policies?</td><td>✓</td><td></td><td>On April 9, 2013, the board of directors of the Company formulated the Business Integrity Principle and respectively amended on June 11, 2015 and November 7, 2019.
It is formulated and amended by the directors
After the resolution of the general meeting is passed, the report of the regular shareholders' meeting is submitted and disclosed on the MOPS and the Company's website, which stipulates the Company's business integrity policies, practices, and directors, managerial officers, and employees should abide by the laws and regulations when performing business, and the board of directors and management promise to actively implement and strictly follow in internal management and external business activities.</td><td>Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies</td></tr>
<tr><td>(II) Has the Company established an assessment mechanism of risk from unethical behavior to regularly analyze and assess business activities with higher risk of involvement in unethical behavior and preventive programs for unethical behaviors containing at least the preventive measures stated in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies"?</td><td>✓</td><td></td><td>The Company has formulated Ethical Corporate Management Best Practice Principles as a plan to prevent dishonest behavior, assessed the business activities with high unethical risk within the business scope, and strengthened relevant preventive measures.</td><td>Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies</td></tr>
<tr><td>(III) Has the Company established in the preventive programs the operating procedures for unethical behavior prevention, penalties and grievance systems of breaching the guidelines for conduct, and implemented and periodically review them?</td><td>✓</td><td></td><td>On November 4, 2016, the Company formulated the Measures for Handling Cases of Reporting Illegal, Immortal, or Dishonest Behaviors, and established internal and external reporting channels and handling systems. In addition, the Ethical Conduct Norm and Work Rules strictly regulate the Company's business confidentiality and avoidance of interests. When employees have dishonest behaviors, they will be handled according to the Company's reward and punishment system depending on the severity of the behavior.</td><td>Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies</td></tr>
</table>

Assessment Items	Actual Governance (Note)			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
II. Proper enforcement of business integrity				
(I) Does the Company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?	✓		The Company adheres to the business integrity principle in dealing with customers and suppliers and does not conduct transactions with those who have a record of dishonest behavior. If the counterparty of the transaction is involved in dishonest behavior, the Company may terminate or cancel the terms of the contract at any time.	Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
(II) Has the Company established a dedicated (concurrent) unit to implement ethical corporate management under Board of Directors and report regularly (at least once a year) to BOD the status of implementation and supervision of ethical management policy and preventive programs of unethical behavior?	✓		To fulfill the supervision responsibility of integrity management, the Company's board of directors has established various organizations and channels, for example: audit committee, compensation committee, internal audits, etc. The Company is mainly assisted by the Sustainable Committee to promote the Company's integrity management, and the internal audit will also report the implementation status to the board of directors regularly. Under the supervision of the board of directors, the Company's managers must ensure that the Company's financial information reported by the securities competent authority or otherwise disclosed to the outside world is complete, fair, accurate, timely, and understandable.	Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
(III) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	✓		The Company stipulates and provides appropriate channels for directors, managers, and other interested parties who attend or attend the board of directors as non-voting delegates to actively explain whether they have potential conflicts of interest with the Company in the Ethical Corporate Management Best Practice Principles.	Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
(IV) Has the Company established an effective accounting system and an internal control system for the internal audit unit to establish related audit programs based on the results of risk assessment of involvement in unethical behavior to audit and prevent the compliance with the preventive programs of unethical behavior or hire a CPA to perform the audit?	✓		The Company has always paid attention to ensuring the accuracy of its financial reporting process and its control and designed relevant internal control systems for operating procedures with potentially high risks of dishonesty. The internal audit also draws up annual audit plans based on risk assessment results to conduct various inspections and report the audit results and follow-up improvement plans to the board of directors and management to implement the audit results. In addition, through the annual internal control self-assessment, all departments of the Company must self-examine the effectiveness of the design and implementation of the internal control system.	Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
(V) Has the Company organized corporate management internal and external education and training programs on a regular basis?	✓		In addition to conducting integrity promotion courses for new recruits, the Company also regularly organizes education and training to require employees not to directly or indirectly provide, promise, request or accept any form of illegitimate benefits. The attendance of relevant education and training courses reaches 34, with a total of 68 hours.	Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies

Assessment Items	Actual Governance (Note)			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
III. The operations of the Company's Report System				
(I) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?	✓		If the relevant persons of the Company's various businesses find any violation of honesty and integrity during the execution of their business, they can report through their direct supervisors, managers, internal audit supervisors, or the audit committee. After the report, the investigation procedure will be initiated, a committee will be established to conduct the investigation, and the special personnel includes the auditing unit.	Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
(II) Has the Company established standard operating procedures for investigating reported events, follow-up measures to be taken after the investigation was completed, and related confidentiality mechanisms?	✓		The Company has established the Measures for Handling Cases of Reporting Illegal, Immortal or Dishonest Behaviors, and Articles 3 to 5 of the Measures, it specifies reporting channels and acceptance procedures, standard operating procedures for the investigation of accepted reporting matters, and confidentiality mechanism, the Company will keep confidential the whistleblowers, investigators, and their contents.	Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
(III) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	✓		To encourage employees to report violations, the Company abides by the confidentiality of personal information, and lets employees know that the Company will do its best to protect the safety of the reporter from retaliation.	Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
IV. Enhanced information disclosure Does the Company have the contents of Ethical Corporate Management Best Practice Principles and its implementation disclosed on the website and MOPS?	✓		The Company has announced the Ethical Corporate Management Best Practice Principles and Ethical Conduct Norm on the MOPS. In addition, relevant and reliable information related to integrity management is also disclosed in the annual report.	Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
V. Where a Company has worked Ethical Corporate Management Guiding Principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please expressly elaborate on the differential gap between the substantial performance and the Practice Principle: The Company complies with the regulations of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and has formulated the Ethical Corporate Management Best Practice Principles and Ethical Conduct Norm, and follows them under relevant content regulations.				
VI. Other vital information that helps to understand the practice of business integrity of the Company (e.g., the review and revision of the best-practice principles of the Company in Ethical Corporate Management Best Practice Principles): None.				

Note: The operation is based on the Company as the main body. Check "Yes" and "No", and please refer to the content of the summary.

(VII) Where the Company has formulated the corporate governance principles and related regulations, it should disclose its inquiry method:

Aiming at safeguarding shareholders' rights and interests, treating shareholders equally, strengthening the structure and operation of the board of directors, enhancing information transparency, and fulfilling corporate social responsibilities, the Company has successively formulated the Rules of Procedures for Shareholders' Meetings and Rules of Procedures for Board Meetings, Regulations on the Scope of Responsibilities of Independent Directors, Standard Operating Procedures for Handling Directors' Requirements base on Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the complete internal control system and internal audit system, etc. Review the actual implementation of the corporate governance evaluation indicators conducted by Taiwan Stock Exchange Co., LTD, hoping to help the Company gradually build a good corporate governance system to improve the effectiveness of corporate governance. In addition, the Company's relevant regulations can be inquired through: Corporate Governance relevant principle under the Corporate Governance section of the MOPS (http://mops.twse.com.tw) is available for inquiries.

(VIII) Other significant information that is helpful to better awareness of performance in corporate governance may disclose as well.

The Company continues to invest resources to strengthen corporate governance operations. There are currently three independent directors on the board of directors, and the audit committee and compensation committee are composed of independent directors. At the same time, the Company has established a Management Operation to Prevent Insider Trading as the basis for the Company's major information processing and disclosure mechanism and reviews these measures from time to time to meet current laws and practical management needs. This method is also announced in the internal document management system and the Company's website for the group's managers and employees to check at any time. At the same time, the insiders of the Company are notified of important internal information precautions irregularly.

(IX) Hands-on performance in the Internal Control System shall disclosed the following matters

1. Statement of Internal Control System: please refer to Page 84.
2. Review report issued by the commissioned CPA in the review of the internal control system: None.

(X) In the latest year and up to the publication of the annual report, if the Company and inside personnel have been penalized for violation of the requirements in the Internal Control System, the main shortcomings, and the condition of improvement: None.

(XI) Major resolution of the board the shareholders' meeting in the latest year and up to the publication date of the annual report:

1. The major resolutions of the shareholders' meeting on June 16, 2022 are as follows:
   (1) Approved the proposal for 2021 Business Report and Financial Statements.
   Resolution: As a result of voting, the number of votes in favor meets the statutory requirements, and the proposal is approved as it is.
   Implementation status: The relevant forms have been submitted to the competent authority for reference and announcement declaration in accordance with the Company Act and other relevant laws and regulations.
   (2) The issue to acknowledge the 2021 Proposal for Distribution of Earnings.
   Resolution: As a result of voting, the number of votes in favor meets the statutory requirements, and the proposal is approved as it is.
   Implementation status: The resolution was approved. A cash dividend of NT$65,800,000 (NT$1 per share) was distributed, and a total of NT$131,600,000 was distributed in cash with the capital surplus of NT$65,800,000 (NT$1 per share). The distribution was completed in August 2022.

2. Significant decisions resolved in the board matter:

Date	Significant Decisions Resolved
March 16, 2022	◆ Approved proposal for the 2021 Statement of Internal Control System ◆ Approved the Company's 2021 Business Report and Financial Statements. ◆ Approved proposal for the 2021 Remuneration to the Employees and Directors ◆ Approved the amendment to the Company's Sustainable Development Best Practice Principles ◆ Approved the establishment of the Corporate Governance Best Practice Principles ◆ Approved the amendment to the Company's Articles of Incorporation ◆ Approved amendment to the Procedures for Acquisition and Disposal of Assets ◆ The Company Election of Directors was approved. ◆ Approved proposal for the 2022 Regular Shareholders Meeting related matters ◆ Approved the endorsement for short-term credit line with bank ◆ Approved the amendment to the Remuneration to Directors Measures
April 29, 2022	◆ Approved proposal for the Distribution of 2021 Profits ◆ Approved proposal for the Capital Surplus Cash Distribution ◆ Approved amendment to the Procedures for Acquisition and Disposal of Assets ◆ Approved the amendment to the Rules of Procedure for Shareholders' Meetings ◆ Approved proposal for the nomination of the list of candidates for the 7th board of directors ◆ Approved proposal for cancellation of the non-competition restriction on directors newly appointed ◆ Approved proposal for the CPA independence assessment on Financial Report ◆ Approved proposal for appointing the CPA and resolution of CPA's remuneration ◆ Approved proposal for the 2022 Q1 Financial Report
June 16, 2022	◆ Approved proposal for the election of Chairman of the Company ◆ Approved proposal for the prepare appointment of members of the 5th Compensation Committee
August 11, 2022	◆ Approved 2022 Q2 Consolidated Financial Report. ◆ Approved proposal for the 2021 Distribution of Remuneration to Managerial Officers ◆ Approved proposal for the 2021 Distribution of Remuneration to Directors ◆ Approved the amendment to the Remuneration to Directors Measures
November 11, 2022	◆ Approved 2022 Q3 Consolidated Financial Report. ◆ Approved proposal for the amendment to the Internal Control System ◆ Approved the amendment to the Procedures for Handling Significant Inside Information ◆ Approved the amendment to the Management Operation to Prevent Insider Trading
December 16, 2022	◆ Approved proposal for the 2022 Managerial Officers Year-end Bonus ◆ Approved proposal for the plan of internal auditing in 2023 ◆ Approved proposal for the 2023 Operation Plan and Budget
March 10, 2023	◆ Approved proposal for the 2022 Statement of Internal Control System ◆ Approved proposal for the recognition of asset impairment in 2022 ◆ Approved the Company's 2022 Business Report and Financial Statements. ◆ Approved proposal for the 2022 deficit compensation ◆ Approved proposal for the Capital Surplus Cash Distribution ◆ Approved proposal for the 2022 Remuneration to the Employees and Directors ◆ Approved the amendment to the Company's Articles of Incorporation ◆ Approved amendments to the Rules of Procedure of the Board of Directors ◆ Approved proposal for the Election of an additional independent director ◆ Approved proposal for the nomination of independent director candidates ◆ Approved proposal for the cancellation of the non-competition restriction on directors ◆ Approved proposal for the 2023 regular shareholders' meeting to hold related matters ◆ Approved the endorsement for short-term credit line with bank ◆ Approved proposal for the dissolution and liquidation of overseas subsidiary ONANO CO., LTD ◆ Approved proposal for replacing the CPA due to coordination with the internal rotation of the accounting firm and evaluate the independence and adequacy of the CPA ◆ Approved proposal for appointing the CPA and resolution of CPA's remuneration ◆ Approved proposal for the establishment of the governance officer

(XII) In the latest year and up to the publication date of the annual report, where the directors passed significant decisions with different opinions as backed with records or declarations, the major contents: None.

(XIII) In the latest year and up to the publication date of the annual report, the assembled information of discharge or resignation by the Company for the Company's Chairman, General Manager, chief accountant, financial supervisor, internal audit officer, governance officer and research & development officer:

Title	Name	Arrival Date	Dismissal Date	Reasons for Resignation or Dismissal
R&D supervisor	Liao, Wu-Kuo	March 21, 2016	November 18, 2022	Job adjustment

V. Information in public fees of the certified public accountant association:

Unit: NTD thousand

CPA Firm	Name of CPA	CPA Auditing Period	Audit Remuneration	Non-audit Fee	Total	Remark
PwC Taiwan	Wu, Yu-Lung Lin, Chia-Hung	January 1, 2022 - December 31, 2022	1,500	640	2,140	Non-audit fees include tax compliance audit, foreign language translation, etc.

VI. Changes in CPA:

(1) Former CPAs

<table>
<tr><td>Date of Change</td><td colspan="4">March 10, 2023</td></tr>
<tr><td>Reasons and Explanation of Changes</td><td colspan="4">For PwC regulatory requirements on rotation, the co-signing partner Wu,Yu-Lung will be replaced by Yu,Chih-Fan starting from 2023. The engagement partner will remain by Lin,Chia-Hung.</td></tr>
<tr><td rowspan="3">State Whether the Appointment is Terminated ot Rejected by the Consignor or CPAs</td><td colspan="2">Client
Status</td><td>CPA</td><td>Cosignor</td></tr>
<tr><td colspan="2">Appointment terminated automatically</td><td>Not available</td><td>Not available</td></tr>
<tr><td colspan="2">Appointment rejected (discontinued)</td><td>Not available</td><td>Not available</td></tr>
<tr><td>The Opinions Other than Unmodified Opinion Issued in the Last Two Years and Reasons for the Said Opinions</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Is There Any Disagreement in Opinion with the Issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principle or practice</td></tr>
<tr><td></td><td colspan="2">Disclosuew of financial statements</td></tr>
<tr><td></td><td colspan="2">Auditing scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>No</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Explanation：Not available</td></tr>
<tr><td>Supplementary Disclosure</td><td colspan="4">None</td></tr>
</table>

(2) Successor CPAs

Accounting Firm	PwC Taiwan
CPA	Yu,Chih-Fan and Lin,Chia-Hung
Date of Engagement	Approved by BOD on March10,2023
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None
Written Opinions from the Successor CPAs that are different from the Former CPA's Opinions	None

(3) The reply of former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards:None.

VII. Where the company's chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified any accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held the implementation: None.

VIII. In the latest year until the date as of annual report issuance, the fact regarding transfer or pledge stock equity by the Company's directors and managerial officers and key shareholders holding over 10% in shareholding:

(I) Information on Net Change in Shareholding and Net Change in Share Pledged by Directors, Managerial Officers, and Shareholders of 10% Shareholding or More

Unit: shares

Title	Name	2022		From January 1, 2023 to April 30, 2023	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Collateralized	Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Collateralized
Chairman	Hong Cheng Investment Ltd.	0	0	0	0
	Representative:Chen, Chun-Hsia	0	0	0	0
Director	Hong Yu Investment Ltd.	0	0	0	0
	Representative: Chen, Chih-Cheng	0	0	0	0
Director	MARUMI Electronics Corporation	0	0	0	0
	Representative: Huang, Shan-Jung	0	0	0	0
Director	MARUMI Electronics Corporation	0	0	0	0
	Representative: Wu, Cheng-Che	0	0	0	0
Independent Director	Li, Kun-Chang	0	0	0	0
Independent Director	Hsu, Ying-Chieh	0	0	0	0
Independent Director	Chou, Hui-Yu	0	0	0	0
Gerneral Manager	Chen, Chun-Hsia	0	0	0	0
Division head	Chien, Hung-Cheng	0	0	0	0
Division head	Chiang, Ching-Wei	0	0	0	0

Note: It is filled with the incumbent managers up to the publication date of the annual report.

(II) The relative of the equity transfer is a related party: None.

(III) The relative of the equity pledge is a related party: None.

IX. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another

April 18, 2023 Unit: shares

Name of Major Shareholders	Shares Held in Own Name		Shareholdings of Spouse and Underage Children		Shares Held in the Names of Others		The Name and Relationship Information, if Among the 10 Largest Shareholders any One is a Related Party, or is the Spouse or a Relative within the Second Degree of Kinship of Another.		Remark
	Quantity	%	Quantity	%	Quantity	%	Name	Relation	
Chen, Chun-Hsia	4,822,241	7.33	298,937	0.45	0	0	E-Du Co., Ltd. MARUMI Electronics Corporation Hong Cheng Investment Ltd. Cheng, Meng-Yao	The representative is relative of second degree of marriage Representative in person The representative is relative of second degree of marriage Relative of second degree in-law	
E-Du Co., Ltd.	4,618,952	7.02	0	0	0	0	Chen, Chun-Hsia MARUMI Electronics Corporation Hong Cheng Investment Ltd. Cheng, Meng-Yao	The representative is relative of second degree of marriage The representatives of both parties are second-degree relatives-in-law Representative is the same person Representative in person	
Representative: Cheng, Meng-Yao	1,862,143	2.83	0	0	0	0			
MARUMI Electronics Corporation	3,915,239	5.95	0	0	0	0	Chen, Chun-Hsia E-Du Co., Ltd. Hong Cheng Investment Ltd. Cheng, Meng-Yao	Representative in person The representatives of both parties are second-degree relatives-in-law The representatives of both parties are second-degree relatives-in-law The representative is relative of second degree of marriage	
Representative: Chen, Chun-Hsia	4,822,241	7.33	298,937	0.45	0	0			
Hong Cheng Investment Ltd.	3,594,580	5.46	0	0	0	0	Chen, Chun-Hsia E-Du Co., Ltd. MARUMI Electronics Corporation Cheng, Meng-Yao	The representative is relative of second degree of marriage Representative is the same person The representative is relative of second degree of marriage Representative in person	
Representative: Cheng, Meng-Yao	1,862,143	2.83	0	0	0	0			
Wu, Jung-Pin	3,247,700	4.94	725,000	1.10	0	0	None	None	
Cheng, Meng-Yao	1,862,143	2.83	0	0	0	0	Chen, Chun-Hsia E-Du Co., Ltd. MARUMI Electronics Corporation Hong Cheng Investment Ltd.	Relative of second degree in-law Representative in person The representative is relative of second degree of marriage Representative in person	
Hong Yu Investment Ltd.	1,444,158	2.19	0	0	0	0	None	None	
Representative: Chen, Chih-Cheng	846,111	1.29	215,512	0.33	0	0			
Li, Chao-Jung	1,105,000	1.68	0	0	0	0	None	None	
Wu, Ho-Wu	1,095,800	1.67	166,584	0.25	0	0	None	None	
Chen, Ying-Chun	971,298	1.48	0	0	0	0	None	None	

X. Investments jointly held by the Company, the Company's directors, managers, and enterprises directly or indirectly controlled by the Company. Calculate shareholding in aggregate of the above parties:

December 31, 2022 Unit: shares; %

Investees (Note)	Ownership by the Company		Direct/Indirect Ownership by Directors and Management		Total Ownership	
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding
ONANO CO., LTD.	1,500,240	100	-	-	1,500,240	100

Note: long Investment in equity method by the Company.

Funding Status

I. Capital and shares

(I) Sources of capital

1. Formation of capital

April 18, 2023; Unit: shares; NTD

Month/ Year	Price of issuance (NTD)	Authorized capital		Paid-up capital		Remark		
		Quantity	Amount	Quantity	Amount	Sources of capital	Paid in properties other than cash	Other
July 2004	10	1,000,000	10,000,000	1,000,000	10,000,000	Establishment of the Company (cash)	-	Note 1
September 2005	10	5,000,000	50,000,000	2,908,000	29,080,000	Cash capital increase NT$19,080,000	-	Note 2
November 2005	10	5,000,000	50,000,000	5,000,000	50,000,000	Cash capital increase NT$20,920,000	-	Note 3
April 2006	20	20,000,000	200,000,000	7,000,000	70,000,000	Cash capital increase NT$20,000,000	-	Note 4
June 2007	20	20,000,000	200,000,000	8,777,000	87,770,000	Cash capital increase NT$17,770,000	-	Note 5
March 2010	15	20,000,000	200,000,000	10,777,000	107,770,000	Cash capital increase NT$20,000,000	-	Note 6
July 2010	10	20,000,000	200,000,000	12,000,000	120,000,000	Capitalization of capital surplus NT$8,996,900 Capitalization of retained earnings NT$3,233,100	-	Note 7
September 2010	15	20,000,000	200,000,000	13,200,000	132,000,000	Employee stock option convertible shares NT$12,000,000	-	Note 8
December 2010	20	40,000,000	400,000,000	22,200,000	222,000,000	Cash capital increase NT$90,000,000	-	Note 9
September 2011	10	40,000,000	400,000,000	26,196,000	261,960,000	Capitalization of retained earnings NT$39,960,000	-	Note 10
August 2012	10	150,000,000	1,500,000,000	39,294,000	392,940,000	Capitalization of retained earnings NT$130,980,000	-	Note 11
November 2012	110	150,000,000	1,500,000,000	41,500,000	415,000,000	Cash capital increase NT$ 22,060,000	-	Note 12
July 2013	10	150,000,000	1,500,000,000	60,175,000	601,750,000	Capitalization of retained earnings NT$186,750,000	-	Note 13
November 2013	55	150,000,000	1,500,000,000	65,800,000	658,000,000	Cash capital increase NT$ 56,250,000	-	Note 14

Note 1: Taipei City Government Fu Jian Shang Zi Doc. No. 09315902810.
Note 2: Taipei City Government Fu Jian Shang Zi Doc. No. 09418270700.
Note 3: Taipei City Government Fu Jian Shang Zi Doc. No. 09424631000.
Note 4: Taipei City Government Fu Jian Shang Zi Doc. No. 09575112100.
Note 5: Taipei City Government Fu Jian Shang Zi Doc. No. 09685322710.
Note 6: Ministry of Economic Affairs Jing Shou Zhong Zi Doc. No. 09931856960.
Note 7: Ministry of Economic Affairs Jing Shou Zhong Zi Doc. No. 09932270420.
Note 8: Ministry of Economic Affairs Jing Shou Zhong Zi Doc. No. 09932615930.
Note 9: Ministry of Economic Affairs Jing Shou Zhong Zi Doc. No. 09933023590.
Note 10: Ministry of Economic Affairs Jing Shou Zhong Zi Doc. No. 10032456910.
Note 11: Ministry of Economic Affairs Jing Shou Zhong Zi Doc. No. 10132430570.
Note 12: Ministry of Economic Affairs Jing Shou Zhong Zi Doc. No. 10132752270.
Note 13: Ministry of Economic Affairs Jing Shou Shang Zi Doc. No. 10201136160.
Note 14: Ministry of Economic Affairs Jing Shou Shang Zi Doc. No. 10201249820.

2. Share category

April 18, 2023; Unit: shares

Share category	Authorized capital			Remark
	Outstanding shares	Unissued shares	Total	
Registered ordinary shares	65,800,000	84,200,000	150,000,000	Reserve 2,000,000 shares for employee stock option convertible shares

3. Information on self-registration system: None

(II) Shareholders structure

April 18, 2023 Unit: number of holders; shares; %

Shareholders structure / Quantities	Government institutions	Financial institutions	Other juridical person	Individuals	Foreign institutions and foreigners	Total
Head count	0	0	14	2,967	11	2,992
Quantity of shareholding	0	0	14,005,407	51,638,160	156,433	65,800,000
Ratio of Shareholding (%)	0	0	21.28	78.48	0.24	100.00

(III) Shareholding distribution status (Par value of NT$10 per share)

April 18, 2023 Unit: shares; %

Class of shareholding	Number of shareholders	Quantity of shareholding	Ratio of shareholding
1 to 999	288	33,493	0.05
1,000 to 5,000	1,934	4,106,330	6.24
5,001 to 10,000	327	2,658,952	4.04
10,001 to 15,000	99	1,280,388	1.95
15,001 to 20,000	63	1,138,928	1.73
20,001 to 30,000	74	1,910,994	2.90
30,001 to 40,000	26	932,422	1.42
40,001 to 50,000	35	1,593,685	2.42
50,001 to 100,000	59	4,192,057	6.37
100,001 to 200,000	42	5,612,829	8.53
200,001 to 400,000	20	5,915,390	8.99
400,001 to 600,000	6	2,915,998	4.43
600,001 to 800,000	5	3,330,758	5.06
800,001 to 1,000,000	5	4,471,963	6.80
> 1,000,001	9	25,705,813	39.07
Total	2,992	65,800,000	100.00

(IV) List of major shareholders:

April 18, 2023 Unit: shares; %

Shareholding / Name of major shareholders:	Quantity of shareholding	Ratio of shareholding
Chen, Chun-Hsia	4,822,241	7.33
E-Du Co., Ltd.	4,618,952	7.02
MARUMI Electronics Corporation	3,915,239	5.95
Hong Cheng Investment Ltd.	3,594,580	5.46
Wu, Jung-Pin	3,247,700	4.94
Cheng, Meng-Yao	1,862,143	2.83
Hong Yu Investment Ltd.	1,444,158	2.19
Li, Chao-Jung	1,105,000	1.68
Wu, Ho-Wu	1,095,800	1.67
Chen, Ying-Chun	971,298	1.48

(V) Market price per share, net worth, dividend and relevant information in the last two years

Unit: NTD

Item / Year			2021	2022	From January 1, 2023 to April 30, 2023 (Note 6)
Market price per share(Note 1)	Highest		51.70	29.10	24.90
	Lowest		19.60	17.95	20.50
	Average		27.80	23.17	21.98
Net worth per share	Before distribution		42.47	38.92	-
	After distribution		40.47	38.82(Note 2)	-
Earnings per share	Weighted average outstanding shares (thousand shares)		65,800	65,800	65,800
	Earnings per share	Before adjustment	1.51	0.07	-
		After adjustment	1.51	0.07	-
Dividends per share	Cash dividends		2.00	0.1(Note 2)	-
	Stock dividends	From earnings	-	-	-
		From capital reserves	-	-	-
	Accumulated undistributed dividends		-	-	-
Analysis of investment returns	P/E ratio (Note 3)		18.41	331.00	-
	Price to dividends ratio (Note 4)		13.90	231.70	-
	Cash dividend yield (Note 5)		7.19%	0.43%	-

Note 1: Note 1: The source of information is the Taiwan Stock Exchange website.

Note 2: Approved the proposal for Cash Distribution with Capital Reserves by the resolution of the board of directors on March 10, 2023.

Note 3: P/E ratio = Average closing price per share for the year / Earnings per share.

Note 4: Price to dividend ratio = Average closing price per share for the year / Cash dividends per share.

Note 5: Cash dividend yield = Cash dividend per share / Average closing price per share for the current year.

Note 6: The net worth per share and earnings per share shall be filled in with the data reviewed by accountants in the latest quarter up to the publication date of the annual report; other columns shall be filled with the data of the current year up to the publication date of the annual report.

(VI) Dividend policy and implementation

1. Dividend policy formulated under the Articles of Incorporation

If the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, appropriating as a legal reserve 10% of the remaining profit, except when the accumulated amount of such legal reserve equals to the Company's total issued capital, appropriating or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which shall be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

If the stock dividend and bonus or legal reserve and capital surplus defined by the Article 241 of the Company Act are distributed in cash in whole or in part, the Board shall be authorized to make a decision in a session attended by more than two-thirds of the Directors and a simple majority of the Directors in session and reported to the shareholders' meeting.

The Company's dividend distribution policy shall be formulated by the board of directors based on factors such as the Company's current and future investment environment, capital needs, domestic and foreign competition conditions, and capital budgets, taking into account shareholders' interests, balanced dividends, and the Company's long-term financial planning, etc. which shall not exceed the after-tax surplus of the current year as the principle, but it can also be distributed as a capital reserve or accumulated distributable surplus under special circumstances. And the dividends to shareholders can be distributed in cash or shares, but cash dividends shall be no less than 10% of the total dividends.

2. Dividend distribution proposed for the year

The Company's undistributed earnings at the beginning of 2022 were NT$1,289,253,220, adding net profit after tax was NT$4,453,507 and after deducting the retained earnings adjustment of NT$108,605,132 for disposal of equity instruments at fair value through other comprehensive income, the distributable surplus for the current period is NT$1,185,101,595.

The Company approved the capital surplus cash distribution of NT$6,580,000 (that is per share distributed cash NT$0.1) on March 10, 2023.

3. Explanation of major changes on expected dividend policy: None.

(VII) The impact of the issuance of bonus shares proposed in the year upon the Company's business performance and earnings per share: Not applicable.

(VIII) Remuneration to the employees and directors

1. The percentage or range of employee dividends and directors' compensation as stated in the Articles of Association:

If the Company makes profits in the year, it should allocate no less than 0.5% as employee remuneration, which is distributed by the Board of Directors in the form of stock or cash. The recipients of the payment include the employees of subsidiaries of the Company meeting certain specific requirements. The Company can allocate no more than 3% of the above profit amount as director remuneration by resolution of the Board of Directors. The remuneration proposal to the employees and the Directors shall be reported to the shareholders' meeting. However, when the Company still has accumulated losses, it should reserve the profit to make up for the loss before allocate employee remuneration and director remuneration in proportion to the preceding paragraph.

2. The grounds to estimate the remuneration to employees and directors: In case of a differential gap between remuneration to employees in amount of actual distribution to be distributed in stocks and the previously estimated amount:

   The grounds to estimate employee and director remuneration is under the Articles of Incorporation. If there is still a change in the amount after the annual consolidated financial report is published, it will be treated as a change in accounting estimate and will be made an adjusting entry in the next year.

3. Remuneration to be distributed as resolved in the board of directors

   The Company's 2022 employee remuneration and director and supervisor's remuneration approved by the resolution of the board of directors are NT$200,000 and NT$0, respectively, with no difference compared to the amounts recognized in the 2022 financial statements.

4. The actual distribution of employee and director remuneration for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee and director remuneration, additionally the discrepancy, cause, and how it is treated:

   The Company's 2021 employee remuneration and director's remuneration approved by the resolution of the board of directors are consistent with the amounts recognized in the 2021 financial statements.

(IX) Share repurchase by the Company: None.

II. Corporate bond application: None.

III. Preferred stock: None.

IV. Sponsor issuance of global depositary receipts: None.

V. Employee stock option: None.

VI. Employee restricted stocks: None.

VII. Status of new shares issuance in connection with mergers and acquisitions: None.

VIII. Financing plans and implementation: None.

Business Performance

I.Content of business

(I) Scope of business operation

1. The Company's main content of the business, business proportion and commodity (service) items

   The Company has specialized in photoelectric glass processing service; it has slimming, polishing, and film coating technologies for LCD screens, mobile device panels, and solar glass to meet the market's "light" and "slim" needs for 3C products and industrial displays. The products mainly apply to mobile devices such as smartphones, tablet computers, and ultra-thin notebook computers. The Company's operating income in 2022 was NT$374,958 thousand, mainly coming from slimming and film coating processing in the optoelectronic industry.

2. New products (services) under development

   The Company will continue to research and develop technology for opto-electronic glass slimming, and the future plan will be refined in the following directions:

   (1) Ultra-thin panel slimming film coating technology.

   (2) Slimming processing of automotive panels and obtaining relevant certifications.

   (3) Wafer stripping and grinding technology improvement and mass production.

   (4) 3D-IC heterogeneous integrated packaging.

(II) Industrial overview:

1. Progress and Development of the industry

   (1)Small and medium size monitors

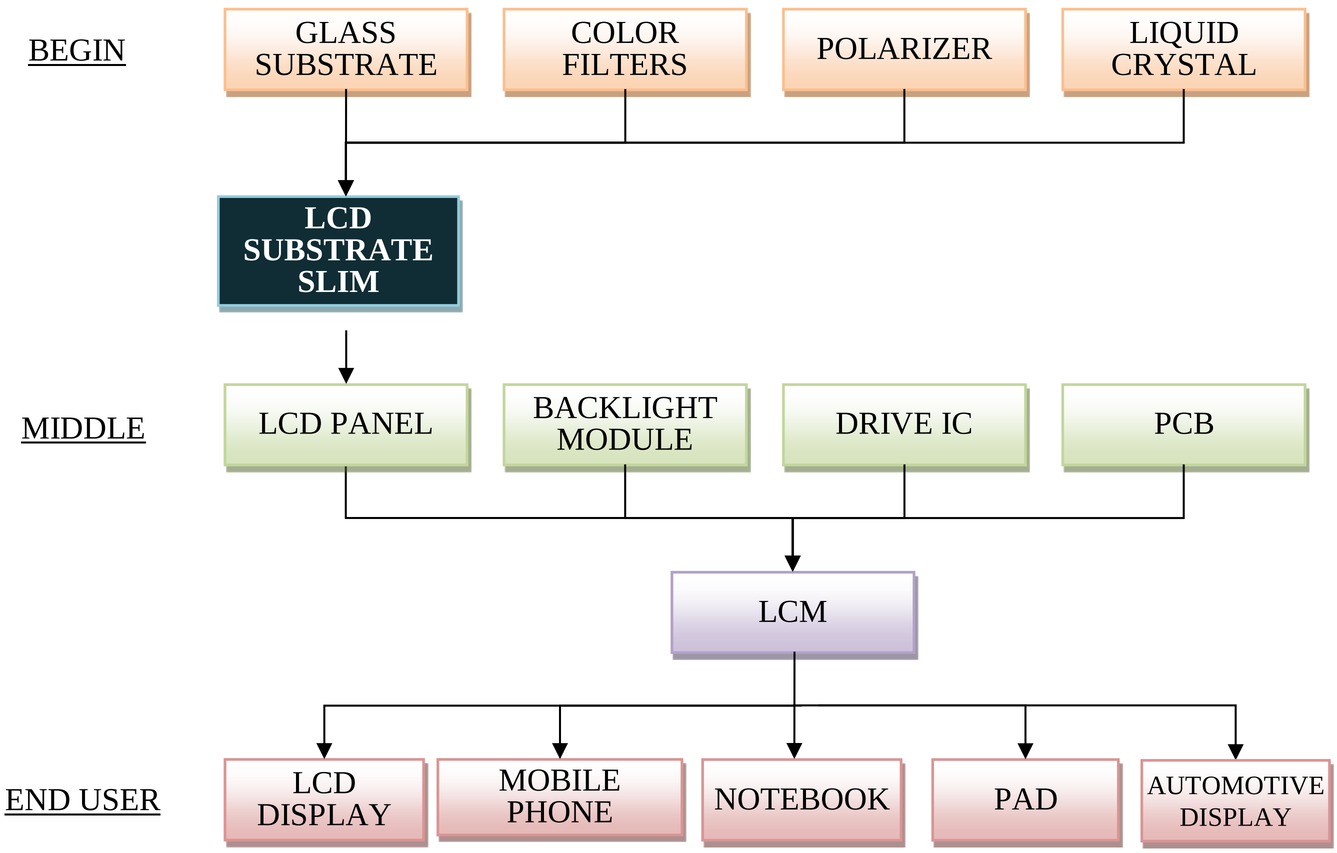
   In 2022, raw materials, currencies, and market fluctuated sharply due to the eerie and constantly changing, global epidemic and the Russia-Ukraine war. As a result, the global manufacturing sector, except for IC semiconductors and related industries, has been declining since the second quarter. In addition, there was an unexpected demand for notebook computers during the epidemic period in 2021, making a saturated NB market in 2022, and the overall channel stock is bulk. Moreover, global inflation, interest rate hike, and other factors exercised a crowding effect on the end consumption demand, the shipment database in the third quarter declined compared with the second quarter, leading to a decline in single-quarter revenue, on the other hand, the panel prices remained weakly depressed, and the panel industry loss margin also gradually expanded. Therefore, the slimming demand, followed by the panel semi-finished goods processing, is also deeply affected.

   (2)Automotive panel

   Compared with the gross profit margin of other displays, the gross profit margin and orders of automotive panels are relatively stable. Once certified, they are less prone to be replaced at will. In the sluggish global panel demand, automotive panels show the least recession and still retain the potential momentum to gestate the market. Therefore, various major LCD panel manufacturers have invested a certain proportion of resources into this field one after another, which stands out as the originally unobtrusive automotive field to become the focus of products.

2. Association among the up-, mid- and down streams

The Company is an opto-electronic glass substrate slimming manufacturer, which belongs to the middle process of the panel manufacturing process. After the glass substrate is slimmed by the Company, the LCD module is processed to reach the downstream portable smart phone or tablet computer. To slimmer and lighter electronic products, the relationship among the upper, middle, and lower streams of the panel industry is shown in the following figure:



3. Product development trends

(1)Technological products are constantly changing, while the thickness of glass substrates continues to shrink

The demand for slimmer panels is still necessary under the demand for the slimmer and lighter design of portable mobile devices. In addition to using slimmer glass for production, panel manufacturers still rely on the processing services of slimmer manufacturers to a certain extent. The thickness of the glass substrate is reduced from 0.5mm to 0.1~0.2mm, making the overall panel thickness reduced to 0.2~0.4mm, so as to solve the huge cost of glass substrate equipment transformation, poor yield rate, and the production line oversize of more than 6 generations If it is too large, it is not conducive to use glass slim and other problems in the process.

(2)Automotive panel market demand increases

With the rapid development of electric vehicles, the demand for electronic and digital car displays has become increasingly popular. The trend of multi-functional panel touch has exceeded the design function limit of traditional car displays. Under the development trend of smart driver seats, functions such as instrument panels, head-up displays, in-vehicle infotainment systems, and voice recognition are gradually integrated into the same system. The man-machine interaction interface function has gone beyond that just driving, for instance, before the driver enters the vehicle, through the intelligent calculation of the system, the vehicle automatically recognizes the driver's identity and adjusts the driver's seat, steering wheel, seat-angle position, driving mode, and changes the screen background of the exclusive driver's cockpit at the same time according to the driver's preferences or habits. Even the body temperature automatically adjusts the air conditioner in the car, etc. Users do not need to adjust the settings of various devices in the vehicle, but automatically adjust through voice or the smart cockpit platform, and use artificial intelligence and digital systems to provide personalized services to consumers through panels and various sensors. The car will not be just a moving tool but also an artificial intelligence outcome. Therefore, automotive panels must also conform with these changes and innovations to meet the requirements of no interference, more accurate touch, and beautiful bend.

4. Competition status

In terms of industry competition, there are currently local glass substrate slimming factories in countries or regions such as Japan, South Korea, China, and Taiwan. However, risk factors such as glass substrates are prone to breakage during transportation between the panel factory and the slimming processing factory, resulting in this industry a certain degree of geographical proximity. At present, the Company is the largest manufacturer among the professional glass substrate slimming factories in Taiwan. At the beginning of its establishment, the Company's position in the glass substrate slimming field. Over the years, it has specialized in chemical etching recipes, etching processes, polishing, and film coating technologies. And the Company's production yield, product quality, and service delivery time are recognized by various major domestic panel manufacturers.

Although Taiwan-based panel manufacturers consigned processing part of the slimming film coating needs to mainland-funded enterprises due to factors such as geo-markets and labor costs. But recently, due to geopolitical factors such as US-China-Taiwan relations, based on risk dispersion and quality control discussions. For convenience, a proportional display will still be left for processing in Taiwan.

(III) Technological research and development:

1. The technical level and research and development of the business affairs

Currently, the glass slimming process can be roughly divided into two methods: chemical etching and physical grinding. Chemical etching uses hydrofluoric acid as the main raw material. The glass substrate is immersed in the etching solution, and the chemical reaction between the glass substrate and the etching solution is used to achieve the effect of glass slimming. Compared with physical slimming, chemical etching requires a shorter process time and can be mass-produced quickly. The physical grinding process uses a grinding machine with a grinding liquid to grind and polish the glass surface to achieve the glass slimming effect. However, as mentioned above, physical grinding is time-consuming and may cause damage to the panel. Therefore, since the Company engaged in the optoelectronic glass slimming business, it has mainly used chemical etching, supplemented by physical grinding, to achieve both mass production and quality requirements.

The design of etching equipment fixtures and processes is based on accumulated years of slimming experience, and according to the material characteristics and dimensions of different glass substrates, a suitable etching solution formula and manufacturing process have been developed, which have been recognized by most major panel manufacturers currently.

To sum up, the Company can provide customized services for its process technology and equipment and fixture development capabilities, thus our production yield and quality are deeply recognized by customers. In the future, the Company will continue to refine the glass substrate slimming technology and the glass-related continuation process to meet the market trend and demand, and continue to provide high-quality processing services.

2. R&D expenditure in the latest year and up to the publication date of the annual report

Unit: NTD thousand; %

Year / Item	2022	Three months ended March 31, 2023
R&D expenditure	60,958	14,739
Revenue amount	374,958	63,267
Ratio in amount revenue	16	23

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

1. Short term
   (1) Operation strategy: The terminal application markets involved in those technologies and services provided by the Company are mainly smartphones, NB, tablet computers, game consoles, etc. Based on those accumulated mass production technologies and quality advantages in the past, we continue to provide the panel factories with the capacity and technical cooperation for new products, to maintain and strengthen our position and market share in the domestic opto-electronic glass slimming market.
   (2) Production strategy: By optimizing the existing slimming technology, we provide a one-stop solution of substrate slimming, polishing, and film coating services, and assist our customers to improve product competitiveness, meet market demand, as well as improve process production time, and enhance qualification yield, to achieve a win-win situation between the Company and customers.
   (3) Marketing strategy: Provide customers with all-round customized opto-electronic glass solutions and flexible and sufficient production capacity to respond to customer demand changes in the market, and form a good partnership with customers.
   (4) Financial strategy: The Company emphasizes sound financial planning. Through sound financial operations, it coordinates and allocates its resources to achieve the greatest comprehensive benefits, and establishes close relationships with financial institutions to support the Company’s short-term capital needs.
2. Medium and long term plan
   (1) Operation strategy: Continue to deepen the domestic market and plan to expand overseas markets, focus on customer needs, provide other technical services and all-round customer services, expand business areas, and maintain the Company’s industrial competitiveness and profitability. Investing in innovative product development sustains the business at the same time.

(2) Production strategy: The Company will continue to strengthen production management, invest in core technology development, enhance the environmental protection process and new material research and development, and increase the automated production ratio to improve process technology and increase production yield. In addition to effectively reducing production costs, it can also meet customer needs, so as to enhance the Company's competitive advantage.

(3) Marketing strategy: Grasp the pulse of market demand, use existing technologies and advantages, provide customized services in cooperation with customers' new product development plans, and continue to improve marketing and business promotion capabilities to continue expand the product market share.

(4) Financial strategy: Use sound and diversified financial management tools in the capital market to raise funds at a lower cost to strengthen the financial structure and funds needed for long-term development.

II. Markets, production and marketing in summary

(I) Market analyses

1. Sales (distribution) regions of key products (services)

Unit: NTD thousand

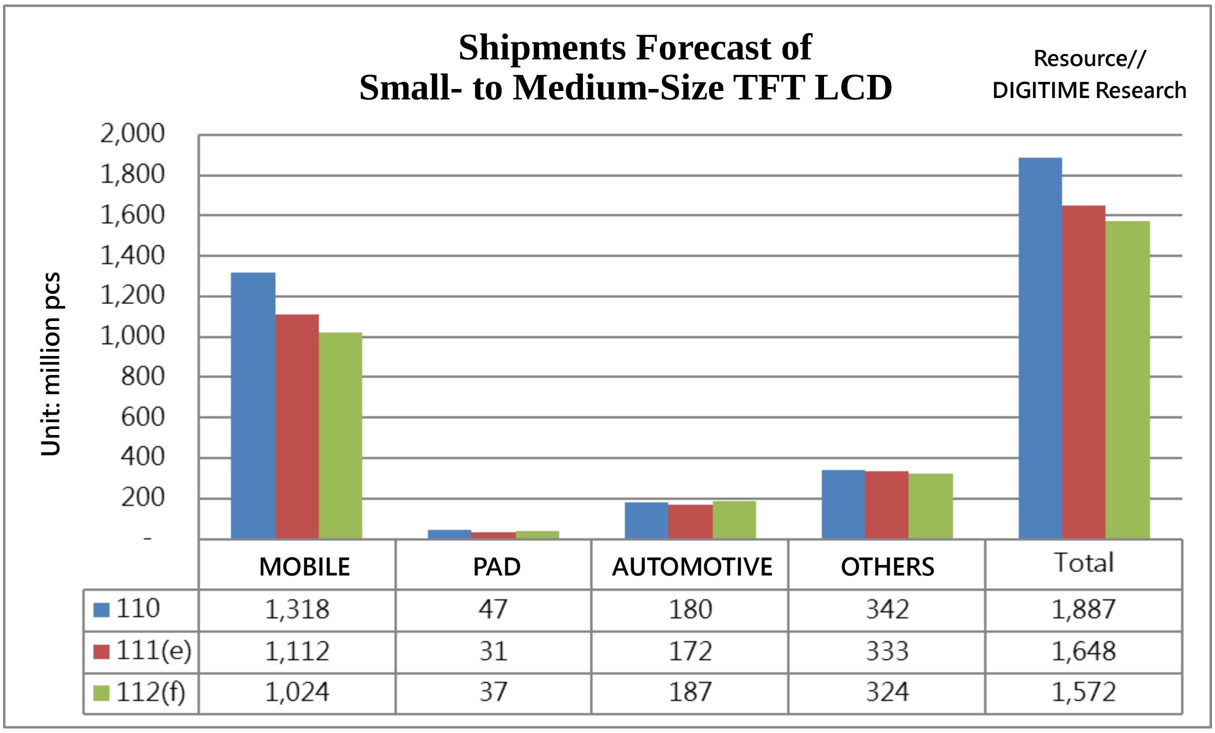
Year / Region	2022		2021	
	Sales Amount	Ratio in Net Revenue(%)	Sales Amount	Ratio in Net Revenue(%)
Taiwan	374,958	100	540,413	100
Other	0	0	0	0

2. Market share

The Company's main business currently is opto-electronic slimming glass. Since the end products of opto-electronic slimming glass are quite diverse and scattered, in general, the Company accounts for about 60% of the Taiwan market. The operating income of opto-electronic slimming glass was NT$374,958 thousand in 2022. In the future, the Company will focus on the slimming requirements of automotive panels and fifth-generation panels, so as to meet the future trend of products and continue to gain a foothold in the slimming market.

3. The future market supply and demand and growth potential

Impact on the COVID-19 pandemic, the explosive consumption of tablet computers and notebook computers was excessively concentrated in 2021, and the Russia-Ukraine war caused inflation and a poor economy. Therefore, the demand for shipments of small and medium-sized panels in 2022 has declined compared with last year. The current estimate of shipments in 2023 is as follows:



	MOBILE	PAD	AUTOMOTIVE	OTHERS	Total
110	1,318	47	180	342	1,887
111(e)	1,112	31	172	333	1,648
112(f)	1,024	37	187	324	1,572

4. Competitive advantage

(1) An experienced business team

The main cadres of the Company's management team are professionals with many years of relevant industry experience, the main R&D employees also have backgrounds and experiences in chemicals, equipment, and production processes. With long-term accumulated experiences, the Company can fully grasp the industry's real-time information and timely response to adjustments. At present, in addition to providing high-quality opto-electronic slimming glass, in response to market trends, it has gradually increased other businesses' investment in research and development in recent years, hoping to expand the business structure horizontally based on the existing foundation.

(2) Complete production line

The Company has a full processing services production line such as sealing, etching, polishing, and film coating. It provides highly customized and complete process solutions for panel factories and shortens product delivery.

(3) Excellent customer service

In the face of increasingly complex industrial competition, the Company develops its own proprietary etching liquid formula according to the material characteristics and dimensions of the panels provided by each customer and cooperates with its manufacturing processes such as operating methods to fully master autonomous technology and deeply cultivate it. The development of technology enables the Company to maintain an excellent production yield. Therefore, the Company has earned customers' trust and affirmation in production efficiency and quality.

(4) Process equipment development capability

The Company has self-developed equipment, fixtures, and multi-functional worker introduction plans for various processes, which can effectively control the cost of products and continuously improve product quality, and can flexibly adjust the production process to increase competitiveness in response to customer product specification changes.

(5) Mature technology

Since the establishment of the factory in 2005, the Company has accumulated many years of rich experience in the slimming glass field. It has established the technical threshold of self-preparation of chemical solution and polishing processing in the industry, and can provide high-quality and high-stability slimming glass service for customers, and has obtained the technical certification of all domestic panel manufacturers.

5. Advantages and disadvantages of development and countermeasures

(1) Advantages

A. Demand trends of portable electronic products and automotive panels

With the gradual maturity of big data and cloud computing and the rapid development of communication technology, it is expected that the market will extend from portable electronic products, such as smartphones and tablet computers, to automotive applications. At the same time, the panel specifications are oriented toward high resolution. As demand for sensitivity and power saving advances, it is expected that the demand for panel slimming will steadily grow at another stage.

B. Complete industry supply chain

Although mainland panel factories have become the global panel supply main force, Taiwan has experienced long-term development in the opto-electronic field. There are many manufacturers of upstream glass substrates and color filters, midstream LCD panels and backlight modules, and downstream LCD assembly input to form a complete supply chain. Considering international political factors such as geopolitics and chip supply in the future, Taiwan panel factories will inevitably have to plan to spread risks and transfer higher-end products back to Taiwan for testing and production.

Currently, in addition to the supply of LCD panels such as LCD TVs, LCD monitors, notebook computers (NB), and digital cameras, automotive system manufacturers with strict quality requirements have established good cooperative relations with domestic well-known panel manufacturers. Under this trend in the future, it is believed that the second half of 2023 will be beneficial to the future development of the Company.

(2) Disadvantages and countermeasures

A. Competitors increase

As today's portable electronic products all require to be slimmer and lighter, new competitors, mainland factories, have emerged one after another.

Countermeasures:

Glass slimming technology asks for several accumulated experiences. Based on years of experience in cooperating with panel factories, the Company will continue to improve its technical capabilities and flexibly adjust its manufacturing process in response to individual customer needs, so as to maintain its competitive advantage with cost control such as manpower and differentiated services.

B. Labor cost increases

Changes in the international situation have caused inflation and basic wages to increase year by year, and the manufacturing cost has shown an unprecedented dramatic rising trend, thus increasing the labor cost of domestic manufacturers.

Countermeasures:

In addition to providing employees with an excellent welfare system, the Company also introduces foreign workers through legal channels to alleviate the operating pressure brought about by the labor increase costs; Besides, the Company will improve labor efficiency, reduce labor demand and save labor costs by introducing the multi-skilled worker plan.

C. Global economy affects

Uncertain factors such as the Russia-Ukraine War and the COVID-19 epidemic in recent years have caused stagflation and consequently affected overall consumer willingness.

Countermeasures:

Product demand may turn into a temporary urgent. Only by flexibly adjusting the production plan can we meet market expectations and customer needs.

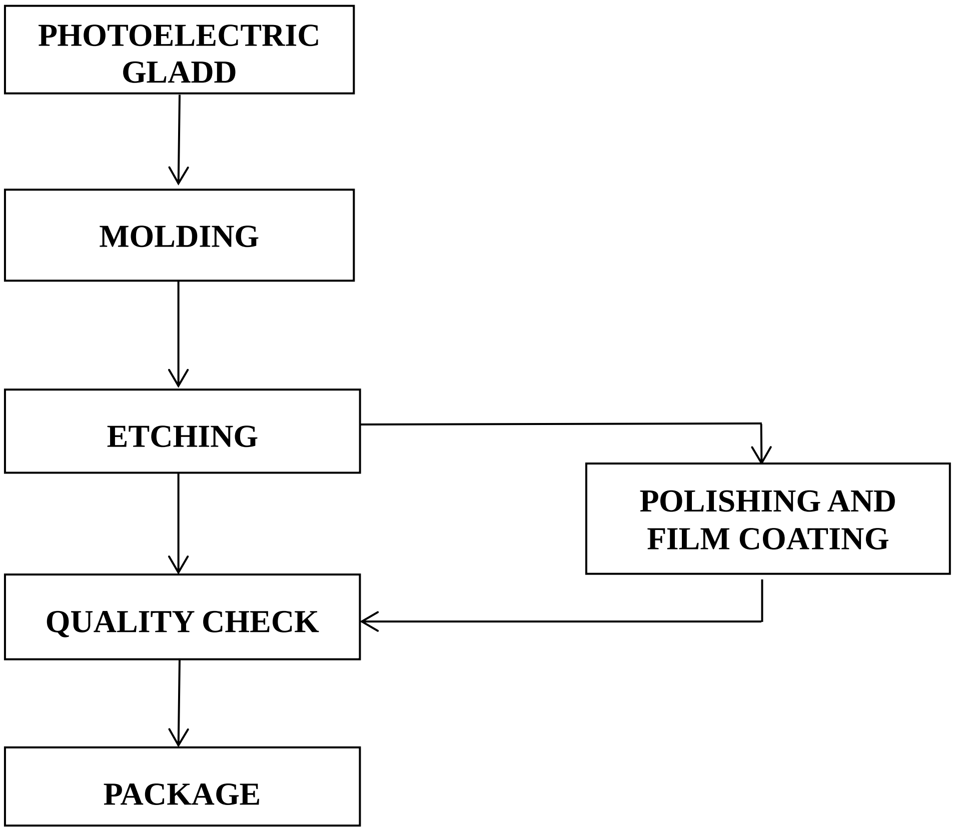
(II) Manufacturing process and key purposes of our principal products

1. Key purposes of our principal products

The Company's main product source is glass LCD panels. Currently, slim LCD panels are not only used in 3C products, but the rest are mainly mobile devices such as game consoles and automotive panels.

2. The manufacturing process of key products

The opto-electronic glass slimming process is as follows:



(III) Supply status of major raw materials

To ensure that the purchase price is competitive in the market and to ensure sufficient sources of supply, the Company maintains a good supply relationship with suppliers. All the suppliers' quality and delivery times are normal over the years. Besides, there is no shortage of supply or any interruption. Currently, the raw materials required for production and manufacturing are mainly hydrofluoric acid, and the supply is in good condition.

(IV) Customers accounting for at least 10% of annual purchases (sales) in any of the last two years, customers' names and their purchases (sales) amount and proportion, and the reason for increase or decrease:

1. Setting forth the suppliers that have purchased 10% or more of the Company's procurements in either of the last two years

Unit: NTD thousand

	2021				2022			
Item	Name	Amount	Ratio to Net Purchases in the Whole Year (%)	Relation with Issuer	Name	Amount	Ratio to Net Purchases in the Whole Year (%)	Relation with Issuer
1	PP	21,200	32.10	None	PP	11,046	22.99	None
2	MM	16,924	25.62	None	MM	9,027	18.79	None
3	UU	12,974	19.64	None	UU	6,821	14.20	None
4	JJ	6,760	10.24	None	DD	13,812	28.75	None
	Other	8,188	12.40	-	Other	7,339	15.27	-
	Net purchase	66,046	100.00		Net purchase	48,045	100.00	

Reasons for increase or decrease:

The Company and its subsidiaries mainly purchase hydrofluoric acid and polishing powder, etc., and have established long-term good cooperative relations with major suppliers. The purchase amount of major suppliers increase or decrease in the last two years is due to shipping quantity decreased in 2022, the Company decreased purchasing of raw materials.

2. Setting forth the names of any customers that have purchased 10% or more of the Company's sales in either of the last two years

Unit: NTD thousand

	2021				2022			
Item	Name	Amount	Ratio to Net Sale in the Whole Year(%)	Relation with Issuer	Name	Amount	Ratio to Net Sale in the Whole Year(%)	Relation with Issuer
1	F	350,326	64.83	None	F	242,681	64.72	None
2	D	189,025	34.98	None	D	126,065	33.62	None
	Other	1,062	0.19	-	Other	6,212	1.66	-
	Net sales	540,413	100.00		Net sales	374,958	100.00	

Reasons for increase or decrease:

Impact on the COVID-19 pandemic, the explosive consumption of tablet computers and notebooks was excessively concentrated in 2021, and the Russia-Ukraine war caused inflation and a poor economy. Therefore, the operating income in 2022 declined by about 31% compared with 2021.

(V) Production value for the last two years

Unit: thousand PCS, NTD thousand

Year / Key Products	2021			2022		
	Capacity (Note)	Output	Output Value	Capacity (Note)	Output	Output Value
Glass slimming	600	512	546,315	600	324	376,425

Note: Production capacity refers to the quantity the Company can produce under normal operation with existing production equipment after weighing necessary shutdowns, holidays, and other factors each year.

(VI) Sales in the last two years

Unit: thousand PCS, NTD thousand

Year/ Sales Volume and Value / Key Products	2021				2022			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Glass slimming	511	540,413	0	0	324	374,958	0	0
Total	511	540,413	0	0	324	374,958	0	0

III. Profile of employees in the last two years and up to the publication date of the annual report

Year		2021	2022	From January 1, 2023 to April 30, 2023
Number of employees	Direct employee	181	136	139
	Indirect employee	96	89	86
	Total	277	225	225
Average age		38.4	39.8	39.9
Average years of service		6.10	6.63	6.7
Academic qualification (%)	Doctor	0	0.55	0.56
	Master	4.44	6.01	6.21
	Bachelor’s Degree	44.88	45.9	44.07
	High school	33.34	30.6	30.52
	Below high school	17.34	16.94	18.64

IV. Environmental Spending

Disbursements for environmental protection: any losses suffered by the Company in the latest year and up to the publication date of the annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in the environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the content of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If it cannot be reasonably estimated, the fact should be stated: None.

V. Employee relation:

(I) Employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees

1. Employee benefits:

(1) Insurance:

All employees are covered by the Company’s labor insurance and national health insurance according to laws and regulations, and enjoy the right to insurance benefits according to relevant laws and regulations. For the benefits of birth, injury, disability, old age, death, etc. of colleagues, the Company also transfers the payment to the Bureau of Labor Insurance and the Health Insurance Administration in accordance with the Labor Insurance Act and National Health Insurance Act.

(2) Health and security

A. The Company measures the labor operation environment legally to provide necessary safety protection and a comfortable working environment. In addition to holding regular employee health checks, follow-up health management is carried out based on the results of the physical examination, and special operation inspection personnel are included in case management to ensure all colleagues' healthy.

B. The Company regularly invites doctors to come to the factory every month to provide free health consultation services and health care suggestions for colleagues.

C. The Company organizes health promotion activities such as weight loss classes, physical fitness, aerobic exercise courses, stress management, chronic disease lectures, and various health-related lectures irregularly according to the needs of colleagues, and sets up courts, fitness centers, sports classrooms, etc. in the factory area.

D. To prevent occupational accidents and ensure the safety and health of employees, the Company regularly organizes labor safety and health education and disaster prevention training.

(3) Leaves:

The Company provides monthly holidays and annual leave in accordance with the provisions of the Labor Standards Act and regularly provides statistical reports for supervisors to care for employees and understand their leave status, so as to help employees achieve a work-life balance.

(4) Female employee:

The Company's employees who need childcare can apply for leave without pay. During the period of leave without pay for childcare, they can apply for childcare leave without pay allowances from the Bureau of Labor Insurance in accordance with regulations, for up to six months. A female-friendly workplace environment is also provided. The comfortable breastfeeding room allows female employees to relax and breastfeed after giving birth.

(5) Employees remuneration and bonuses:

To improve the well-being of employees, improve the solidarity of employees with the Company and share the business results, if the Company makes profits in the year, it will allocate employee remuneration, and the distribution targets include subordinate employees who meet certain conditions. And will offer performance bonuses to those with excellent performance.

(6) Employee meal:

The Company has a restaurant to provide meals for employees, including breakfast, lunch, dinner, and night snacks to solve employees' dietary problems.

(7) Various supplement:

The Company set up an employee welfare committee under the law to allocate employee welfare funds to handle various employee welfare activities, such as holiday bonuses, employee travel, emergency assistance, hospital condolences, weddings and funerals, childbirth subsidies, and other benefits.

2. Staff engage in advanced studies, training, and implementations

   In order to improve the quality of human resources and enhance the working knowledge and skills of employees, the Company conducts training for new recruits, on-the-job training, and external education and training from time to time according to the employees' own conditions and work needs; At the same time, to ensure mastery of training direction and implementation effectiveness, in the fourth quarter, the Human Resources Department launched the drafting of the education and training plan based on the Company-wide annual policy and training needs survey. The content of the plan includes the Company-wide education and training plan, cross-departmental and internal departmental training plans, and is reviewed on a quarterly basis Implementation status, and proposed correction and improvement measures for unreached items, so as to effectively grasp the effectiveness of specific training for employees. In 2022, the Company organized 128 training courses, with a total training time of 164 hours, and a total of more than 1,873 people participated in the courses.

3. Retirement system

   According to the Labor Pension Act, the Company has established a retirement measurement for all employees to determine the contribution. The contribution method is based on the employee's monthly salary contribution table according to the labor pension, and 6% of the pension is allocated monthly to the individual labor pension special account of the Bureau of Labor Insurance, employee pensions are paid in the form of monthly pension or one-time pension according to the employee's pension special account and the amount of accumulated income, to fully protect the rights and interests of employees.

4. Employee agreement

   Labor relations coordination has always been the focus of our efforts. The Company adopts an open two-way communication method to promote all policies and learn employees' opinions, to maintain a harmonious relationship between labor and management. In 2022 and up to the publication date of the annual report, the Company has not suffered any major losses due to labor disputes.

5. Implementation of employee rights protection measures

   (1) In addition to establishing the Employee Welfare Committee in accordance with the law, the Company coordinates the planning, appropriation, storage, and use of employee welfare funds and related matters regulated by relevant laws and regulations. As a bridge of communication between labor and the Company, the protection of various rights and interests of employees and the implementation of the welfare system are based on laws and regulations.

(2) The Company pays attention to internal communication and provides channels for employees to express their opinions, such as setting up online and physical employee suggestion boxes, providing immediate complaints and feedback channels, proposals to improve the system, regular labor-management meetings, and group dining meetings to accurately convey Company information, and maintain smooth communication with employees and interaction to establish a harmonious labor-management relationship.

6. Protection measures for the working environment and staff safety

(1) Under the Occupational Safety and Health Act, the Company provides labor safety and health education and training for new recruits, implements regular health checks for current employees, and implements health checks for specific items for those engaged in operations that are particularly harmful to health, and implements health management, and regularly hold safety and health education and training courses, such as the use and management of dangerous and harmful substances and fire drills and other courses.

(2) The Company's factory and office areas are equipped with access control security controls, and there are 24-hour security guards on regular patrols and monitoring systems to monitor and control to ensure personnel and property safety.

(3) In order to effectively prevent occupational diseases and occupational accidents, in addition to formulating an occupational accident prevention plan in accordance with the Occupational Safety and Health Act, the Company set up occupational safety and health full-time employee, regular environmental testing and irregular inspections, and made internal the labor safety and health promotion video enables employees to have a deeper understanding of the concept of safety and health and internalize it in the employees lives.

(4) The Company has installed automatic external defibrillator (AED) first aid equipment in the office, and has allocated a suitable first aid personnel.

(5) Continuous monitoring and auditing

For the operation of environmental safety and health in the factory area, in addition to carrying out various environmental testing and employee operating environment measurement under the law, a complete audit procedure has been established. In addition to daily inspections, high-risk operation inspections, and supervisor inspections, domestic and foreign third parties are accepted relevant audits of verification units or customers irregularly. Besides, the president regularly reviews various environmental safety affairs, reviews the operation status and sets goals and directions, implements continuous improvement, and enhances environmental safety performance.

(6) Work rules related to labor safety and health are disclosed on the Company's internal website for every employee to refer to anytime. A summary of the main implementation measures is as follows:

A. Labor safety & health management and supervise at each level responsibilities
B. Equipment inspection and maintenance
C. Occupational safety and health standards
D. First aid and rescue
E. Fire safety principle
F. Electric safety principle
G. Safety rules for material handling and storage
H. Preparation, maintenance, and use of protective equipment
I. Incident notification and report

(II) Describing any losses suffered by the Company due to labor disputes in the latest year and up to the publication date of the annual report due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and countermeasures. If a reasonable estimate cannot be made, an explanation of the facts shall be provided: None.

VI. Cyber security management

(I) Information security risk management

The Company is committed to protecting its confidential information, and attaching importance to the security protection of confidential information is its commitment to customers, employees, and all shareholders.

Information security will be related to the Company's current and future competitive advantages. To properly control its information security, the Company continues to strengthen the protection of confidential information and enhance employees' correct concepts and alertness to confidential information security protection, reducing the disclosure risks of confidential information accidents to ensure the best interests of the Company, shareholders, employees, customers, and suppliers.

(II) Information security risk management framework

The Company's information security unit is the MIS Department, which has an information supervisors and several professional information employees responsible for formulating internal information security policies, planning and implementing information security operations, and promoting and implementing information security policies.

The Company's supervisory unit of information security supervision is the Auditing Department, whose responsibility is supervising the implementation of internal information security. If any deficiencies are found in the audit, the inspected unit will be required to propose relevant improvement plans and specific actions, and the improvement results will be tracked regularly to reduce internal information security risk.

(III) Information security protection method

Information Security Protection	
Measures	Description
Prevent hacking/ cyber attacks	The Company comprehensively inspects its internal information security to prevent its confidential information from being stolen and affecting normal production and operation. In addition to setting up a firewall to prevent external intrusion, internal management is also hierarchically controlled according to employee account authority. Besides implementing its confidential information, in case an individual computer is invaded, thus also minimizes the scope of influence. To strictly control information security, the Company also has completely inspected and managed information equipment and network usage regulations for external visitors.
Education, publicity	The Company regularly implements "Information Security Education and Training" for new recruits and educates employees to understand the concept of information security and enhance all awareness of information security through the "Information Security Education and Training" courses.
Genuine/legal software	Policies and practices for using genuine/legal software: Only IT personnel can install software, and ordinary users cannot install it themselves.

(IV) The Company implements information security management measures as follows:

Information Security Management		
Type	Description	Related Operations
Authority management	Employee account, authority management	● Employee account authority management and audit ● Periodic inventory of Employee account authority
Access management	Control measures for personnel access to internal and external systems and data transmission channels	● System and server highly secure management to prevent personnel from accessing unauthorized information ● Internal and external access control measures, regularly change user passwords ● Action trajectory analysis
External threat	Potential weaknesses of internal systems, poisoning pipelines, and protective measures	● Host/computer vulnerability detection and control measures ● A firewall blocks external malicious attacks, avoids information outflow, and improves information security ● Virus protection and malware detection
System availability	Keep the system available and countermeasures to system interruptions	● System/network status and monitoring mechanism ● Response mechanism for service interruption ● Data backup measures - daily data backup for important information systems ● Regular disaster recovery drills ● The information computer room is equipped with a fire protection system, a constant temperature and humidity air-conditioning system, and an uninterruptible power supply system, and regularly inspects and maintains the equipment in the computer room to reduce the risk of environmental accidents in the information system

(V) The losses, possible impacts, and countermeasures from major cyber security incidents in the latest year and up to the publication date of the annual report: None for the Company.

VII. Important contract: None.

Financial status

I. Condensed balance sheet and statement of comprehensive income for the past 5 years, names of CPA, and their audit opinions

(I) Condensed balance sheet and statement of comprehensive income

1. Condensed Balance Sheet(Consolidated)

Unit: NTD thousand

Item \ Year		Financial information for the latest 5 years				
		2018	2019	2020	2021	2022
Current assets		937,227	1,572,051	1,295,692	2,212,074	1,791,863
Property, plant and equipment		1,686,109	885,702	826,084	828,207	948,895
Intangible assets		-	-	-	-	-
Other assets		51,797	55,333	37,945	172,460	29,326
Total assets		2,675,133	2,513,086	2,159,721	3,212,741	2,770,084
Current liabilities	Before distribution	237,220	173,230	135,463	319,683	138,132
	After distribution	270,120	206,130	174,943	385,483	138,132(Note 1)
Non-current liabilities		563,631	498,071	128,208	98,367	70,858
Total liabilities	Before distribution	800,851	671,301	263,671	418,050	208,990
	After distribution	833,751	704,201	303,151	483,850	208,990(Note 1)
Equity attributable to owners of the parent		1,874,282	1,841,785	1,896,050	2,794,691	2,561,094
Share capital		658,000	658,000	658,000	658,000	658,000
Capital surplus		585,449	559,129	532,809	532,809	467,009
Retained earnings	Before distribution	630,833	624,656	705,241	1,606,038	1,436,085
	After distribution	624,253	591,756	665,761	1,540,238	1,436,085(Note 1)
Other equity interest		-	-	-	(2,156)	-
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	1,874,282	1,841,785	1,896,050	2,794,691	2,561,094
	After distribution	1,841,382	1,808,885	1,856,570	2,728,891	2,561,094(Note1)

Note 1: It won’t be distributed in accordance with the resolution made by the Board of Directors on March 10, 2023.

2. Condensed Balance Sheet (Individual)

Unit: NTD thousand

Item \ Year		Financial information for the latest 5 years				
		2018 (Note 1)	2019	2020	2021	2022
Current assets		891,220	1,525,804	1,251,357	2,171,246	1,745,931
Investments using equity method		46,007	46,247	44,335	40,828	45,932
Property, plant and equipment		1,686,109	885,702	826,084	828,207	948,895
Intangible assets		-	-	-	-	-
Other assets		51,797	55,333	37,945	172,460	29,326
Total assets		2,675,133	2,513,086	2,159,721	3,212,741	2,770,084
Current liabilities	Before distribution	237,220	173,230	135,463	319,683	138,132
	After distribution	270,120	206,130	174,943	385,483	138,132(Note 2)
Non-current liabilities		563,631	498,071	128,208	98,367	70,858
Total liabilities	Before distribution	800,851	671,301	263,671	418,050	208,990
	After distribution	833,751	704,201	303,151	483,850	208,990(Note 2)
Share capital		658,000	658,000	658,000	658,000	658,000
Capital surplus		585,449	559,129	532,809	532,809	467,009
Retained earnings	Before distribution	630,833	624,656	705,241	1,606,038	1,436,085
	After distribution	624,253	591,756	665,761	1,540,238	1,436,085(Note 2)
Other equity interest		-	-	-	(2,156)	-
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	1,874,282	1,841,785	1,896,050	2,794,691	2,561,094
	After distribution	1,841,382	1,808,885	1,856,570	2,728,891	2,561,094(Note 2)

Note 1: The inter-company organization of the Group has been adjusted since 2019, and 2018 financial information has been retroactively recompiled.

Note 2: It won’t be distributed in accordance with the resolution made by the Board of Directors on March 10, 2023.

3. Condensed statement of comprehensive income (consolidated)

Unit: NTD thousand

Item \ Year	Financial information for the latest 5 years				
	2018	2019	2020	2021	2022
Revenue	779,945	597,237	441,734	540,413	374,958
Gross profit	127,095	112,276	47,461	143,405	46,769
Operating income (loss)	4,366	(2,785)	(82,156)	23,660	(65,601)
Non-operating income and expenses	11,331	(5,764)	199,466	81,481	102,720
Profit (loss) before tax	15,697	(8,549)	117,310	105,141	37,119
Profit from continuing operations	5,604	403	87,165	99,589	4,454
Gain(loss) from discontinued operations	-	-	-	-	-
Profit	5,604	403	87,165	99,589	4,454
Current period other comprehensive income (post-tax profit or loss)	-	-	-	963,668	(106,451)
Total comprehensive income	5,604	403	87,165	1,063,257	(101,997)
Profit attributable to owners of the parent	5,604	403	87,165	99,589	4,454
Profit attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of the parent	5,604	403	87,165	1,063,257	(101,997)
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	0.09	0.01	1.32	1.51	0.07

4. Condensed and statement of comprehensive income(Individual)

Unit: NTD thousand

Item \ Year	Financial information for the latest 5 years				
	2018(Note1)	2019	2020	2021	2022
Revenue	779,945	597,237	441,734	540,413	374,958
Gross profit	127,095	112,276	47,461	143,405	46,769
Operating income (loss)	4,366	(2,785)	(82,156)	23,660	(65,572)
Non-operating income and expenses	11,331	(5,764)	199,466	81,481	102,691
Profit before tax	15,697	(8,549)	117,310	105,141	37,119
Profit from continuing operations	5,604	403	87,165	99,589	4,454
Gain(loss) from discontinued operations	-	-	-	-	-
Profit	5,604	403	87,165	99,589	4,454
Current period other comprehensive income (post-tax profit or loss)	-	-	-	963,668	(106,451)
Total comprehensive income	5,604	403	87,165	1,063,257	(101,997)
Earnings per share	0.09	0.01	1.32	1.51	0.07

Note 1: The inter-company organization of the Group has been adjusted since 2019, and 2018 financial information has been retroactively recompiled.

(II) Names of CPA and their audit opinions for the last 5 years

Year	CPA firm	Name of CPA	Audit Opinion
2018	PwC Taiwan	Wu, Yu-Lung; Huang, Shih-Chun	Unqualified opinion
2019	PwC Taiwan	Wu, Yu-Lung; Huang, Shih-Chun	Unqualified opinion
2020	PwC Taiwan	Wu, Yu-Lung; Lin, Chia-Hung	Unqualified opinion
2021	PwC Taiwan	Wu, Yu-Lung; Lin, Chia-Hung	Unqualified opinion
2022	PwC Taiwan	Wu, Yu-Lung; Lin, Chia-Hung	Unqualified opinion

II. Financial analysis for the latest 5 years

(I) Financial analysis (Consolidated)

Analysis item \ Year		Financial analysis for the latest 5 years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debts ratio	29.94	26.71	12.21	13.01	7.54
	Ratio of long-term capital to property, plant and equipment	144.59	264.18	245.04	349.32	277.37
Solvency (%)	Current ratio	395.09	907.49	956.49	691.96	1,297.21
	Quick ratio	386.79	895.88	945.98	688.48	1,288.94
	Interest coverage ratio	2.65	0.01	27.63	65.74	24.18
Operating ability	A/R turnover (times)	2.90	2.66	2.54	3.24	2.54
	Average collection days for A/R	126	137	144	113	144
	Inventory turnover (times)	48.26	41.09	51.31	47.45	36.18
	Accounts payable turnover (times)	11.75	13.88	18.92	20.24	16.97
	Average days in sales	8	9	7	8	10
	Property, plant and equipment turnover (times)	0.45	0.46	0.52	0.65	0.42
	Total assets turnover (times)	0.28	0.23	0.19	0.20	0.13
Profitability	Return on assets (%)	0.48	0.28	3.88	3.76	0.19
	Return on equity (%)	0.30	0.02	4.66	4.25	0.17
	Profit before tax to paid-in capital (%)	2.39	(1.30)	17.83	15.98	5.64
	Net profit rate (%)	0.72	0.07	19.73	18.43	1.19
	Earnings per share ($)	0.09	0.01	1.32	1.51	0.07
Cash flow	Cash flow ratio (%)	71.04	49.11	68.95	26.03	35.54
	Cash flow adequacy ratio (%)	89.14	77.93	145.63	100.36	60.30
	Cash reinvestment ratio (%)	4.35	1.68	2.09	1.18	(2.24)
Leverage	Operating leverage	85.88	(108.92)	(2.43)	12.42	(2.50)
	Financial leverage	(0.85)	0.24	0.95	1.07	0.98

Please explain those reasons for the changes in the financial ratios in the last two years. (If the increased or decreased amounts are less than 20%, the analysis can be exempted)

(1) Debts ratio decreased mainly due to a decrease in total liabilities.
(2) Ratio of long-term capital to real estate, plant, and equipment decreased mainly due to an increase in real estate, plants, and equipment.
(3) Current ratio increased mainly due to a decrease in current income tax liabilities.
(4) Quick ratio increased mainly due to a decrease in current income tax liabilities.
(5) Interest coverage ratio decreased mainly due to a decrease in net profit before tax.
(6) A/R turnover decreased mainly due to a decrease in net sales.
(7) Average collection days for A/R increased mainly due to a decrease in the A/R turnover.
(8) Inventory turnover decreased mainly due to a decrease in sale costs.
(9) Average days in sales increased mainly due to a decrease in inventory turnover.
(10) Property, plant and equipment turnover increased mainly due to a decrease in net amount of sales and an increase in real estates, plants and equipment.
(11) Total assets turnover decreased mainly due to a decrease in sales amount in the current period.

(12) Return on assets decreased mainly due to a decrease in net profit in the current period.
(13) Return on equity decreased mainly due to a decrease in net profit in the current period.
(14) Profit before tax to paid-in capital decreased mainly due to a decrease in net profit before tax.
(15) Net profit margin decreased mainly due to a decrease in net profit in the current period.
(16) Cash flow ratio increased mainly due to a decrease in current liabilities.
(17) Cash flow adequacy ratio decreased mainly due to an increase in capital expenditure and cash dividends.
(18) Cash reinvestment ratio decreased mainly due to a decrease in net cash flow from operating activities and an increase in cash dividends.
(19) Operating leverage decreased mainly due to a decrease in main operating profit.

(II) Financial analysis (Individual)

Analysis item		2018(Note1)	2019	2020	2021	2022
Financial structure (%)	Debts ratio	29.94	26.71	12.21	13.01	7.54
	Ratio of long-term capital to property, plant and equipment	144.59	264.18	245.04	349.32	277.37
Solvency (%)	Current ratio	375.69	880.80	923.76	679.19	1,263.96
	Quick ratio	367.40	869.18	913.25	675.71	1,255.69
	Interest coverage ratio	2.65	0.01	27.63	65.74	24.18
Operating ability	A/R turnover (times)	2.90	2.66	2.54	3.24	2.54
	Average collection days for A/R	126	137	144	113	144
	Inventory turnover (times)	48.26	41.09	51.31	47.45	36.18
	Accounts payable turnover (times)	11.75	13.88	18.92	20.24	16.97
	Average days in sales	8	9	7	8	10
	Property, plant and equipment turnover (times)	0.45	0.46	0.52	0.65	0.42
	Total assets turnover (times)	0.27	0.23	0.19	0.20	0.13
Profitability	Return on assets (%)	0.46	0.28	3.88	3.76	0.19
	Return on equity (%)	0.30	0.02	4.66	4.25	0.17
	Profit before tax to paid-in capital (%)	2.39	(1.30)	17.83	15.98	5.64
	Net profit rate (%)	0.72	0.07	19.73	18.43	1.19
	Earnings per share ($)	0.09	0.01	1.32	1.51	0.07
Cash flow	Cash flow ratio (%)	70.54	48.92	70.24	27.11	31.93
	Cash flow adequacy ratio (%)	92.38	82.68	136.03	97.80	60.00
	Cash reinvestment ratio (%)	4.31	1.67	2.15	1.27	(2.38)
Leverage	Operating leverage	85.88	(108.92)	(2.43)	12.42	(2.50)
	Financial leverage	(0.85)	0.24	0.95	1.07	0.98

Year: Financial analysis for the latest 5 years

Please explain those reasons for the changes in the financial ratios in the last two years. (If the increased or decreased amounts are less than 20%, the analysis can be exempted)

(1) Debts ratio decreased mainly due to a decrease in total liabilities.
(2) Ratio of long-term capital to real estate, plant, and equipment decreased mainly due to an increase in real estate, plants, and equipment.
(3) Current ratio increased mainly due to a decrease in current income tax liabilities.
(4) Quick ratio increased mainly due to a decrease in current income tax liabilities.
(5) Interest coverage ratio decreased mainly due to a decrease in net profit before tax.
(6) A/R turnover decreased mainly due to a decrease in net sales.
(7) Average collection days for A/R increased mainly due to a decrease in the A/R turnover.
(8) Inventory turnover decreased mainly due to a decrease in sale costs.
(9) Average days in sales increased mainly due to a decrease in inventory turnover.
(10) Property, plant and equipment turnover increased mainly due to a decrease in net amount of sales and an increase in real estates, plants and equipment.
(11) Total assets turnover decreased mainly due to a decrease in sales amount in the current period.

(12) Return on assets decreased mainly due to a decrease in net profit in the current period.
(13) Return on equity decreased mainly due to a decrease in net profit in the current period.
(14) Profit before tax to paid-in capital decreased mainly due to a decrease in net profit before tax.
(15) Net profit margin decreased mainly due to a decrease in net profit in the current period.
(16) Cash flow adequacy ratio decreased mainly due to an increase in capital expenditure and cash dividends.
(17) Cash reinvestment ratio decreased mainly due to a decrease in net cash flow from operating activities and an increase in cash dividends.
(18) Operating leverage decreased mainly due to a decrease in main operating profit.

Note 1: The inter-company organization of the Group has been adjusted since 2019, and 2018 financial information has been retroactively recompiled.

Note 2: The formulas for calculating the above financial ratios are shown as follows:

1. Financial structure
   (1) The debts ratio = Total liabilities / Total assets
   (2) Ratio of long-term capital to property, plant and equipment = (Total equities + Non-current liabilities) / Property, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio = (Current assets - Inventories - Prepaid expense) / Current liabilities.
   (3) Interest coverage ratio = Net profit before interest and tax / Interest expenses for the current period.
3. Operating ability
   (1) Turnover rate of the account receivable (including account receivable and notes receivable incurred as a result of business operation) = The balance of the net sales amount / Account receivable averaged in various term (including account receivable and notes receivable incurred as a result of business operation).
   (2) Average collection days for A/R = 365 / A/R turnover (times).
   (3) Inventory turnover = Sales cost / Averaged inventory amount.
   (4) Turnover rate of the payables (including accounts payable and the notes payable incurred by business operation) = Sales cost / Balance of the payables averaged in various term (including accounts payable and the notes payable incurred by business operation).
   (5) Average days in sales = 365 / Inventory turnover.
   (6) Property, plant and equipment turnover = Net amount of sales / Averaged net amount for the real estate, plants and equipment.
   (7) Total assets turnover = Net amount of sales / Total of average assets.
4. Profitability
   (1) Return on assets = (After tax net profit + Interest expenses x (1 - Tax rate)) / Average asset balance.
   (2) Return on shareholders' equity = After tax net profit / Total average equity.
   (3) Profit ratio = Net income / Net sales.
   (4) Earnings per share = (Profits or loss attributable to owners of the parent - Preferred stock dividend) / Weighted average stock shares issued.
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.
   (2) Cash flow adequacy ratio= Net cash flow from operating activities within five years / (Capital expenditure + Inventory increase + Cash dividend) within five years.
   (3) Cash re-investment ratio = (Net cash flow from operating activity - Cash dividend) / (Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital).

6. Leverage:
   (1) Operating leverage = (Net amount of operating revenues - Variable operating costs and expenses) / Operating profit.
   (2) Financial leverage = Operating profit / (Operating profit - Interest expenses).

III. Audit Committee's Review Reports, please refer to Page 85.

IV. Financial report in recent years, please refer to pages 86 to 140.

V. The individual financial statement audited by CPA for the latest year: please refer to pages 141 to 190.

VI. If the Company and its affiliated enterprises, in the latest year and up to the publication date of the annual report, developed insolvency, the impact upon the Company's financial conditions shall be listed: None.

Financial Status and Performance Review Analysis and Risks

I. Financial status

Unit: NTD thousand

Item \ Year	December 31, 2022	December 31, 2021	Difference	
			Amount	%
Current assets	1,791,863	2,212,074	(420,211)	(19.00)
Property, plant and equipment	948,895	828,207	120,688	14.57
Other assets	29,326	172,460	(143,134)	(83.00)
Total assets	2,770,084	3,212,741	(442,657)	(13.78)
Current liabilities	138,132	319,683	(181,551)	(56.79)
Non-current liabilities	70,858	98,367	(27,509)	(27.97)
Total liabilities	208,990	418,050	(209,060)	(50.00)
Share capital	658,000	658,000	-	-
Capital surplus	467,009	532,809	(65,800)	(12.35)
Retained earnings	1,436,085	1,606,038	(169,953)	(10.58)
Other equity interest	-	(2,156)	2,156	100
Total equity	2,561,094	2,794,691	(233,597)	(8.36)

Description:

1. The main causes and impact analysis of significant changes in assets, liabilities, and equity in the last two years (if the change is more than 20% in the previous and later periods, and the amount of change reaches NT$10 million) are as follows:
   (1) Other assets decreased mainly due to a decrease in financial assets measured at fair value through other comprehensive.
   (2) Current liabilities decreased mainly due to a decrease in current income tax liabilities.
   (3) Non-current liabilities decreased mainly due to a decrease in long-term borrowing repayments.
2. Future contingency plan for significant repayments affecting items: None.

II. Financial performance

Unit: NTD thousand

Item \ Year	2022	2021	Increase (decrease)	Change Percentage (%)
Revenue	374,958	540,413	(165,455)	(30.62)
Operating costs	328,189	397,008	(68,819)	(17.33)
Gross profit	46,769	143,405	(96,636)	(67.39)
Operating expenses	112,370	119,745	(7,375)	(6.16)
Operating income(loss)	(65,601)	23,660	(89,261)	(377.27)
Non-operating income and expenses	102,720	81,481	21,239	26.07
Profit (loss) before tax	37,119	105,141	(68,022)	(64.70)
Income tax expenses	32,665	5,552	27,113	488.35
Profit	4,454	99,589	(95,135)	(95.53)
Oher comprehensive income (net)	(106,451)	963,668	(1,070,119)	(111.05)
Total comprehensive income	(101,997)	1,063,257	(1,165,254)	(109.59)

Description:

1. The main reasons for significant changes in operating revenue, operating net profit, and pre-tax net profit in the last two years (if the change is more than 20% in the previous and later periods, and the amount of change reaches NT$10 million), the main reasons and impact analysis are as follows:
   (1) Operating revenue decreased mainly due to the post-pandemic arising inflation and global economic slowdown in the second half of 2021, an excessively large inventory of IT panels, and the production cuts intensify such decline.
   (2) Gross profit and operating income decreased mainly due to a decrease in operating revenue production capacity utilization, resulting in a decrease in profit.
   (3) Non-operating income increased mainly due to an increase in exchange benefits.
   (4) Income tax expense increased mainly due to an additional income tax from the recognition of 2021 of undistributed earnings.
   (5) Other comprehensive income net decreased mainly due to the disposal of equity instruments measured at fair value through other comprehensive income.
2. Expected sales volume and basis: Please refer to Page 3 Letter to Shareholders.
3. Future contingency plan for significant repayments affecting items: None.

III. Cash flow

(I) 2022 Analysis of the cash flow change and corrective plans for liquidity shortage:

Unit: NTD thousand

Opening Cash Balance	Net Cash Flow from Operating Activities	Cash Inflow (outflow)	Cash Surplus (deficit)	Countermeasure for Cash Deficits	
				Investment Plans	Financing Plans
2,003,834	49,088	(375,372)	1,677,550	None	None

1. Operating activities: Net cash inflow from operation activities was NT$49,088 thousand mainly due to an increase in revenue and profit.
2. Investment activities: Net cash outflow from investment activities was NT$215,014 thousand mainly due to obtaining property, plant, and equipment.
3. Financing activities: Cash outflow net from financing activities was NT$160,358 thousand mainly due to cash dividends distribution and capital surplus distribution.

(II) Corrective plans and liquidity analysis for liquidity shortage: No cash liquidity shortage for the Company.

(III) Analyses on the cash liquidity in one year ahead:

Unit: NTD thousand

Opening Cash Balance	Expected Net Cash Inflow from Operating Activities	Expected Cash Inflow (outflow)	Expected Cash Surplus (deficit)	Countermeasure for Cash Deficits	
				Investment Plans	Financing Plans
1,677,550	11,600	(78,000)	1,611,150	None	None

Analysis on the cash flow change for next year:
The annual cash outflow is mainly due to the payment of income tax, capital expenditure and long-term borrowing repayments.

IV. The impact of the significant capital expenditure in the latest year upon the financial performance:

(I) Major capital expenditure and sources of funding: None.

(II) Expected future benefits: Not applicable.

V. The outward investment policies in the latest year. The key reasons leading to the profit or loss, the corrective plans and the investment plan in one year ahead:

The Company will continue to diversify the development of the Group and continue to uphold a prudent evaluation of the reinvestment plan. The investment strategy takes into account risk, income, and asset growth, and achieves income and asset growth goals under risk control.

VI. In the latest year and up to the publication date of the annual report, the risk items shall be analyzed and evaluated:

(I) The impact incurred by change in interest rate, exchange rate, inflation upon the Company’s profit and/or loss and the future countermeasures

1. The impact incurred by change in interest rate upon the Company’s profit and/or loss and the future countermeasures

   The interest rate risk of the Company and its subsidiaries comes from long-term borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk, partly offset by cash and cash equivalents held at floating rates. The Company’s floating rate loans were denominated in NTD in 2022 and 2021.

The Company and its subsidiaries simulate multiple plans and analyze interest rate risk, including consideration of refinancing, renewal of existing positions, other available financing and hedging, etc., to calculate the impact of changes in specific interest rates on profit and loss. All currencies use the same rate movement for each simulation scheme. These simulation schemes only apply to the positions of significant liabilities bearing interest.

For the years ended December 31, 2022, and 2021, if the borrowing rate of interest changes by 0.1%, when all other factors remain unchanged, net profit after tax will decrease or increase by NT$100 thousand and NT$130 thousand respectively in 2022 and 2021.

The Company and its subsidiaries will always concern with market interest rates changes and maintain a good relationship with banks to obtain more favorable interest rates and adjust short, medium, and long-term financing lines timely according to interest rate conditions, to reduce the impact of interest rate changes on the Company's finances.

2. The impact incurred by change in exchange rate upon the Company's profit and/or loss and the future countermeasures

Unit: NTD thousand

Item \ Year	2022	2021
Exchange gain (loss)	113,920	(9,664)
Operating revenue - net	374,958	540,413
Profit (loss) before tax	37,119	105,141
Proportion of exchange gain (loss) to net operating revenue	30.38%	(1.79%)
Proportion of exchange gain (loss) to profit (loss) before tax	306.90%	(9.19%)

Profile of Source: Financial reports audited by CPA

The items listed in the financial report of each entity of the Company and its subsidiaries are measured in the currency of the primary economic environment where the entity operates. The exchange (gain) loss in 2022 and 2021 was NT$113,920 thousand and NT$ (9,664) thousand respectively, and the exchange gain (loss) in each period accounted for 30.38% and (1.79%) of the operating revenue and profit (loss) before tax 306.90% and (9.19%) respectively. In the latest year and up to the publication date of the annual report, exchange rate changes have a certain degree of impact on the Company's profits.

The Company and its subsidiaries adopt a prudent and conservative approach to foreign currency funds management. On weekdays, they collect relevant information on the foreign currency positions they hold at any time to fully grasp the exchange rate changes. To avoid the possible adverse effects of exchange rate fluctuations, refer to the recommendations of major correspondent banks to determine a favorable exchange time point, so as to effectively control the risks brought about by exchange rate fluctuations.

3. The impact of inflation on the Company's profit and loss and future countermeasures
   According to the data released by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the annual growth rate of the average consumer price index (CPI) in 2022 was 2.95%, and the price level increased slightly. As the Government pays close attention to price fluctuations and implemented relevant countermeasures, there is no risk of serious inflation impact. Therefore, inflation has had no significant impact on the Company's profit and loss so far.

(II) The major causes for engaging in high-risk, high-leverage investment, lending of funds to others, endorsements/guarantees and derivative financial instruments, the profits or loss and the future countermeasures.

1. Policies for engaging in high-risk and high-leverage investment, main reasons for profit or loss, and future countermeasures: The Company and its subsidiaries have not engaged in high-risk and high-leverage investment in the latest year and up to the publication date of the annual report.
2. Policies for the loaning of funds to others, endorsements and guarantees, and derivatives trading, main reasons for profit or loss, and future countermeasures: The Company and its subsidiaries have established Operating Procedures for Loaning of Funds to Others and Operating Procedures for Endorsement and Guarantees and Acquisition or Disposal of Assets Procedures and other operational rules have been approved by the resolution of the shareholders' meeting, and in 2022 and up to the publication date of the annual report, no high-risk, high-leverage investment, nor endorsement and guarantee, loaning of funds to others and derivatives trading.
   In the future, if there is a need to engage in the loaning of funds to others, endorsement and guarantees, or derivatives trading due to business needs, the Company and its subsidiaries will follow the Loaning of Funds to Others and Operating Procedures for Endorsement and Guarantees and Acquisition or Disposal of Assets Procedures.

(III) The future research & development plans and the expenses anticipated to be invested into research & development

The Company has specialized in researching, developing, manufacturing, and serving opto-electronic glass slimming since established. We continue to invest in R&D in the in-house development and manufacturing of the equipment, fixture, and chemical recipes. Fully master autonomous technology, and strengthen the overall competitiveness of the Company. To build the entry barriers and prolong competitive advantage, the future research and development plan is as follows:

1. High-impedance film coated photoelectric glass process development.
2. High performance chemical etching development.
3. Other new product development.

The Company estimates that it will invest NT$100 million to NT$150 million in research and development in the next two years, which will make timely adjustments depending on the global market conditions and the Company's actual operating conditions.

(IV) The possible impacts by government policies and laws at home and abroad upon the Company's financial conditions and the Company's countermeasures:

The Company will always concern with the important policies and laws and regulations implemented by the governments of various countries in the industry to which it belongs, adopt appropriate business strategies, and meanwhile develop new technologies and products that conform to the industry to expand the market territory. In addition, the Company daily operates under the relevant laws and regulations at home and abroad, and it is always necessary to concern with important policy development trends and changes in laws and regulations at home and abroad, and collect relevant information to provide references for decision-making by business management, to fully grasp changes in the business environment and adjust the Company's operations promptly. Up to the publication date of the annual report, no possible impacts by important policies and legal developments at home and abroad upon the Company's financial conditions.

(V) The impacts generated by change in science and technology (including ICT security risk) and change in industries upon the Company's financial conditions and the Company's countermeasures:

The Company always concern with technological changes and technological developments related to its industry, evaluates the impact on the Company's operations and makes corresponding adjustments. In addition, the Company is also actively developing technologies and services that meet future market needs to ensure the Company's market competitiveness, to strengthen the Company's business development and financial position.

(VI) The impacts created by a change in corporate image upon the management over crisis, and the Company's countermeasures:

Since its establishment, the Company has been committed to strengthening internal management capabilities and improving service quality to build up and maintain corporate image and reputation, so that customers can recognize the Company's services. In addition, the Company also maintains a harmonious employee-employer relationship and an excellent corporate image. Therefore, in the latest year and up to the publication date of the annual report, there has been no adverse impact on the Company due to changes in corporate image.

(VII) The benefits anticipated from the merger/acquisition (M&A) efforts, the potential risks and the Company's countermeasures:

The Company and its subsidiaries have no mergers and acquisitions plans in the latest year and up to the publication date of the annual report. If there were plans in the future, it will uphold a prudent evaluation and consider whether the merger can bring specific synergies to the Company, to ensure shareholders' rights and interests are protected.

(VIII) The risks anticipated from the expansion of the plant buildings, and the Company's countermeasures:

The Company's plant expansion has undergone a professional feasibility assessment by the relevant technical team. However, as the market situation may change drastically and cannot be expected, the market demand forecast may change significantly at any time. Up to the publication date of the annual report, the capacity expansion benefits are still in line with the Company's expectations.

(IX) The risks anticipated from the centralized input or output undertakings and the Company's countermeasures:

1. The risks of input

   The Company mainly purchases raw materials such as hydrofluoric acid. Since using raw materials involves quality problems of slimming glass, we keep long-term cooperative suppliers. However, each raw material maintains more than two purchase sources to ensure a safe supply. Up to now, there has been no running out of materials or shortage of materials.

2. The risks of output

   The Company's main operating revenue comes from the slimming process for opto-electronic glass, which main sale to the panel factory. Due to the large-scale and economic scale requirements, the panel factory is gradually consolidated. The Company has served existing customers and also devoted itself to improving the technology and process of panel slimming glass since established. It has also continued to develop new products and expand new markets to reduce the risk of sales concentration.

(X) The impacts and risks anticipated from the massive transfer of shareholding by directors or key shareholders who hold more than 10% in shareholding and the Company's countermeasures: None.

(XI) The impacts and risks anticipated from the change in the managerial powers and the Company's countermeasures: None.

(XII) List major litigious, non-litigious, or administrative disputes that: involve the Company director, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10%, and or any Company or companies controlled by the Company; and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the securities, the facts of the dispute, the amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute up to the publication date of the annual report: None.

(XIII) Other critical risks and response measures: None.

VII. Other important disclosures: None.

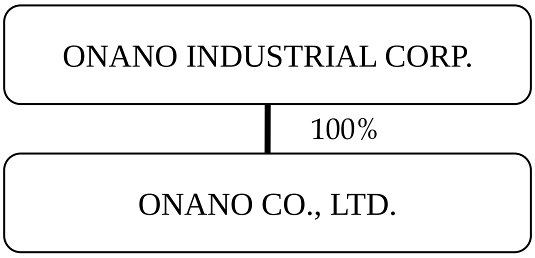
Special Disclosure

I. Relevant information of affiliated enterprises

(I) Profile of affiliated enterprises

1. Organization chart of affiliated enterprises

December 31, 2022



2. Fundamental particulars of affiliated enterprises

Unit: NTD thousand

Name of enterprise	Establishment Date	Address	Paid-in Capital	Business Activities
ONANO CO., LTD.	January 20, 2010	Seychelles	USD 1,500 thousand	Investment in all undertakings

3. Information on presumed control and in dominant-subordination: None.

4. The industries covered by the business of the overall affiliated enterprises: the opto-electronic glass slimming production.

5. Information and data of directors and general managers of affiliated enterprises

December 31, 2022

Name of enterprise	Title	Name or representative	Shareholding	
			Quantity	Ratio of shareholding
ONANO CO., LTD.	Director	Chen, Chun-Hsia	-	-

6. Financial position and business outcomes of affiliated enterprises

December 31, 2022/ Unit: NTD thousand

Item	ONANO CO., LTD.
Total assets	45,932
Total liabilities	-
Total equity	45,932
Revenue	-
Operating income(loss)	-
Current period profit (loss)	5,104

(II) The Affiliate’s Consolidated Financial Statements: Please refer to pages 86.

(III) Consolidated reports teaming up with affiliated enterprises: None

II. Where the company has carried out a private placement of securities in the latest year and up to the publication date of the annual report: None**.**

III. Holding or disposal of the company’s shares by its subsidiaries in the latest year and up to the publication date of the annual report: None.

IV. Other supplementary information: None.

Occurrences of events defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities Exchange Act in the latest year and up to the publication date of the annual report that significantly impacted shareholders’ equity or security prices: None.

ONANO INDUSTRIAL CORP.

Statement of Internal Control System

Date: March 10, 2023

The following declaration is based on the 2022 self-audit over the Company's internal control system:

I. The Company is aware that the establishment, execution, and maintenance of its internal control system is the responsibilities the Company's board of directors and managers. The internal control system was implemented throughout the Company. The purpose is to provide a reasonable assurance on the achievement of the goals, including the effectiveness and efficiency of operations (including profitability, performance and security of assets, etc.) and the report with effectiveness, timeliness, transparency, and compliance with the relevant requirements and regulations and laws.

II. Internal control system is prone to limitations. No matter how robustly designed, effective internal control system merely provides reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control system. However, self-supervision measures were implemented within the Company's internal control system to facilitate immediate rectification once procedural flaws have been identified.

III. Pursuant to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Governing Regulations"), the Company should study and judge whether the Company's internal control system is effective in design and implementation. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.

IV. The Company has adopted the aforementioned judgment items for the internal control system to evaluate the effectiveness of the Company's internal control system in both design and implementation.

V. On the grounds of the outcome of evaluation mentioned in the preceding Paragraph, the Company firmly holds that the Company's internal control system as of December 31, 2022 (including supervisory control and management over subsidiaries), notably the effect of the business operation, extent of accomplishment of the target where the report proves trustworthy, transparent in real time, the design and implementation of the Company's internal control system proves effective, capable of assuring accomplishment of the aforementioned targets.

VI. This declaration forms part of the main contents of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure relating to the public statement above are subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. The present Declaration of Internal control system was granted a pass in the board of directors meeting convened on March 10, 2023. That board of directors meeting was attended by 7 directors among whom 0 director objected. All present directors unanimously responded with consent to the contents of the Declaration. This is the another point duly clarified herewith.

ONANO INDUSTRIAL CORP.

Chairman & CEO: Chen, Chun-Hsia

Audit Committee's Review Report

The Company's Board of Directors has prepared the business report, financial statements and the deficit compensation proposal for the year 2022, in which the financial statements have been audited by Pricewaterhouse Coopers (PwC) Taiwan. An audit report thus has been issued with unqualified opinion. The above-mentioned business report, financial statements and deficit compensation proposal have been audited by the Audit Committee and is deemed as appropriate. Therefore, an audit report is provided as above for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

2023 Annual General Shareholders' Meeting, ONANO INDUSTRIAL CORP.

ONANO INDUSTRIAL CORP.

Audit Committee Convener: Li, Kun-Chang

March 10, 2023

ONANO INDUSTRIAL CORPORATION

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Onano Industrial Corp.

Representative: Chen, Chun-Hsia

March 10, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 22000430

To the Board of Directors and Shareholders of Onano Industrial Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Onano Industrial Corp. and subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Impairment assessment of property, plant and equipment

<u>Description</u>

Refer to Notes 4(15) and 4(17) for accounting policies on property, plant and equipment, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on property, plant and equipment impairment valuation, and Notes 6(6) and 6(9) for details of property, plant and equipment.

As of December 31, 2022, the Group's property, plant and equipment amounted to NT$948,895 thousand (net of accumulated impairment amounting to NT$74,229 thousand), constituting 34% of total assets. In accordance with IAS 36, "Impairment of Assets", the Group assesses at each balance sheet date whether there is an indication of impairment. If there is an indication of impairment, the Group shall estimate the recoverable amount of those assets. Evaluation of impairment indication involves subjective judgements of management, various assumptions and estimates with high degree of uncertainty.

As the amount of property, plant and equipment is material and the valuation process of impairment loss involves management judgement, we considered impairment assessment of property, plant and equipment as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Obtained an understanding of management access and approval process on the impairment of property, plant and equipment.
2. Obtained the asset impairment checklist assessed by the management based on each cash-generating unit, and assessed the reasonableness of key assumptions used by the management.
3. Assessed the reasonableness of the management's estimation on the recoverable amounts.

Other matter – Parent company only financial statements

We have audited and expressed an unqualified opinion on the parent company only financial statements of Onano Industrial Corp. as at and for the years ended December 31, 2022 and 2021.

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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

Wu, Yu-Lung	Lin, Chia-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

ONANO INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,677,550	61	$ 2,003,834	63
1170	Accounts receivable, net	6(4)	100,024	4	195,663	6
1200	Other receivables		2,089	-	929	-
1220	Current tax assets		490	-	490	-
130X	Inventories	6(5)	4,431	-	4,786	-
1410	Prepayments		6,996	-	6,344	-
1470	Other current assets		283	-	28	-
11XX	**Total current assets**		1,791,863	65	2,212,074	69
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	-	-	138,878	4
1600	Property, plant and equipment	6(6)(9) and 8	948,895	34	828,207	26
1755	Right-of-use assets	6(7)	280	-	615	-
1840	Deferred income tax assets	6(24)	12,100	-	10,544	-
1900	Other non-current assets	6(6)	16,946	1	22,423	1
15XX	**Total non-current assets**		978,221	35	1,000,667	31
1XXX	**Total assets**		$ 2,770,084	100	$ 3,212,741	100

(Continued)

ONANO INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and equity	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2150	Notes payable		$ -	-	$ 3	-
2170	Accounts payable		12,957	1	25,725	1
2200	Other payables	6(10)	59,782	2	131,459	4
2230	Current income tax liabilities		32,627	1	129,436	4
2280	Lease liability - current		283	-	336	-
2320	Long-term liabilities, current portion	6(11)	32,118	1	31,952	1
2399	Other current liabilities		365	-	772	-
21XX	**Total current liabilities**		138,132	5	319,683	10
	Non-current liabilities					
2540	Long-term borrowings	6(11)	68,488	3	98,023	3
2570	Deferred income tax liabilities	4(22) and 6(24)	1,364	-	2	-
2580	Lease liability - non-current		-	-	282	-
2600	Other non-current liabilities		1,006	-	60	-
25XX	**Total non-current liabilities**		70,858	3	98,367	3
2XXX	**Total liabilities**		208,990	8	418,050	13
	Equity attributable to owners of the parent					
	Share capital	6(13)				
3110	Ordinary share		658,000	23	658,000	20
	Capital surplus	6(14)				
3200	Capital surplus		467,009	17	532,809	17
	Retained earnings	6(15)				
3310	Legal surplus		247,159	9	153,131	5
3320	Special reserve		3,825	-	3,825	-
3350	Undistributed surplus earnings		1,185,101	43	1,449,082	45
	Other equity interest	6(16)				
3400	Other equity interest		-	-	(2,156)	-
31XX	**Total equity attributable to owners of parent**		2,561,094	92	2,794,691	87
3XXX	**Total equity**		2,561,094	92	2,794,691	87
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9				
		11				
3X2X,	**Total liabilities and equity**		$ 2,770,084	100	$ 3,212,741	100

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

ONANO INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	Items	Notes	Year ended December 31 2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue	6(17)	$ 374,958	100	$ 540,413	100
5000	Operating costs	6(5)(22)(23)	(328,189)	(87)	(397,008)	(73)
5900	Gross profit from operations		46,769	13	143,405	27
	Operating expenses	6(22)(23)				
6100	Selling expenses		(9,309)	(3)	(9,952)	(2)
6200	General and administrative expenses		(42,132)	(11)	(53,346)	(10)
6300	Research and development expenses		(60,958)	(16)	(56,430)	(10)
6450	Gain (Loss) on expected credit impairment		29	-	(17)	-
6000	Total operating expenses		(112,370)	(30)	(119,745)	(22)
6900	Net operating income (loss)		(65,601)	(17)	23,660	5
	Non-operating income and expenses					
7100	Interest income	6(18)	17,186	5	1,845	-
7010	Other income	6(19)	3,668	1	8,262	2
7020	Other gains and losses	6(20)	83,467	22	72,998	13
7050	Finance costs	6(21)	(1,601)	(1)	(1,624)	-
7000	Total non-operating income and expenses		102,720	27	81,481	15
7900	**Profit before tax**		37,119	10	105,141	20
7950	Income tax expense	6(24)	(32,665)	(9)	(5,552)	(1)
8200	**Profit**		$ 4,454	1	$ 99,589	19
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(16)	($ 105,908)	(28)	$ 963,125	178
8349	Income tax expense related to components of other comprehensive income that will not be reclassified to profit or loss	6(16)(24)	(543)	-	543	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(106,451)	(28)	963,668	178
8300	**Other comprehensive (loss) income**		($ 106,451)	(28)	$ 963,668	178
8500	**Total comprehensive (loss) income for the year**		($ 101,997)	(27)	$ 1,063,257	197
	Profit, attributable to:					
8610	Owners of the parent		$ 4,454	1	$ 99,589	19
	Comprehensive (loss) income, attributable to:					
8710	Owners of the parent		($ 101,997)	(27)	$ 1,063,257	197
	Basic earnings per share	6(25)				
9750	Profit		$ 0.07		$ 1.51	
	Diluted earnings per share	6(25)				
9850	Profit		$ 0.07		$ 1.51	

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

ONANO INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent						
				Retained earnings				
	Notes	Ordinary share	Capital surplus, additional paid-in capital	Legal surplus	Special reserve	Undistributed surplus earnings	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Year ended December 31, 2021								
At January 1, 2021		$ 658,000	$ 532,809	$ 144,415	$ 3,825	$ 557,001	$ -	$ 1,896,050
Profit for the year		-	-	-	-	99,589	-	99,589
Other comprehensive income		-	-	-	-	-	963,668	963,668
Total comprehensive income		-	-	-	-	99,589	963,668	1,063,257
Appropriation and distribution of 2020 retained earnings:								
Legal reserve appropriated		-	-	8,716	-	(8,716)	-	-
Cash dividends	6(15)	-	-	-	-	(39,480)	-	(39,480)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)(16)	-	-	-	-	965,824	(965,824)	-
Tax effect from disposal of equity instruments measured at fair value through other comprehensive income	6(16)(24)	-	-	-	-	(125,136)	-	(125,136)
At December 31, 2021		$ 658,000	$ 532,809	$ 153,131	$ 3,825	$ 1,449,082	($ 2,156)	$ 2,794,691
Year ended December 31, 2022								
At January 1, 2022		$ 658,000	$ 532,809	$ 153,131	$ 3,825	$ 1,449,082	($ 2,156)	$ 2,794,691
Profit for the year		-	-	-	-	4,454	-	4,454
Other comprehensive loss		-	-	-	-	-	(106,451)	(106,451)
Total comprehensive (loss) income		-	-	-	-	4,454	(106,451)	(101,997)
Appropriation and distribution of 2021 retained earnings:								
Legal reserve appropriated	6(15)	-	-	94,028	-	(94,028)	-	-
Cash dividends	6(15)	-	-	-	-	(65,800)	-	(65,800)
Cash from capital surplus	6(14)	-	(65,800)	-	-	-	-	(65,800)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)(16)	-	-	-	-	(108,607)	108,607	-
At December 31, 2022		$ 658,000	$ 467,009	$ 247,159	$ 3,825	$ 1,185,101	$ -	$ 2,561,094

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

ONANO INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 37,119	$ 105,141
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation charges on property, plant and equipment	6(22)	84,385	79,881
Depreciation charges on right-of-use assets	6(22)	335	336
Loss (gain) on expected credit impairment	12(2)	(29)	17
Net gains on financial assets at fair value through profit or loss	6(20)	-	(82,622)
Interest expense	6(21)	1,601	1,624
Interest income	6(18)	(17,186)	(1,845)
Dividend income	6(19)	(2,680)	(3,598)
Gains on disposals of property, plant and equipment	6(20)	(95)	(40)
Impairment loss recognised in profit or loss, property, plant and equipment	6(9)(20)	30,483	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		95,668	(57,419)
Other receivables		(347)	(473)
Inventories		355	(1,755)
Prepayments		(652)	4,866
Other current assets		(255)	37
Changes in operating liabilities			
Notes payable		(3)	3
Accounts payable		(12,768)	12,219
Other payables		(53,697)	22,467
Other current liabilities		(407)	73
Cash inflow generated from operations		161,827	78,912
Interest received		15,816	1,818
Dividends received		3,237	3,041
Interest paid		(1,581)	(1,512)
Income taxes refunded (paid)		(130,211)	939
Net cash provided by operating activities		49,088	83,198

(Continued)

ONANO INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in valuation of financial assets at fair value through profit or loss		$ -	($ 1,309,335)
Decrease in valuation of financial assets at fair value through profit or loss		-	2,053,996
Acquisition of financial assets at fair value through other comprehensive income		(392,363)	(4,275,574)
Proceeds from disposal of financial assets at fair value through other comprehensive income		425,333	5,099,823
Acquisition of property, plant and equipment	6(26)	(246,014)	(60,597)
Proceeds from disposal of property, plant and equipment		95	694
Decrease in refundable deposits		-	425
Increase in prepayments for business facilities		(7,959)	(5,803)
Decrease in other non-current assets		5,894	4,064
Net cash (used in) provided by investing activities		(215,014)	1,507,693
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in guarantee deposits received		946	-
Proceeds from short-term debt	6(27)	110,000	150,000
Repayments of short-term debt	6(27)	(110,000)	(150,000)
Proceeds from long-term debt	6(27)	-	10,000
Repayments of long-term debt	6(27)	(29,369)	(36,760)
Payments of lease liabilities	6(27)	(335)	(333)
Cash paid from capital surplus	6(14)(26)	(65,800)	-
Cash dividends paid	6(15)(27)	(65,800)	(39,480)
Net cash used in financing activities		(160,358)	(66,573)
Increase (decrease) in cash and cash equivalents		(326,284)	1,524,318
Cash and cash equivalents, beginning of year		2,003,834	479,516
Cash and cash equivalents, end of year		$ 1,677,550	$ 2,003,834

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

ONANO INDUSTRIAL CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. History and Organization

(1) ONANO INDUSTRIAL CORP. (the "Company") was incorporated in July 2004 under the provisions of the Company Act of the Republic of China (R.O.C.). The Group and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in slimmed opto-electronic glass. The Company was listed on the Taiwan Stock Exchange since November 28, 2013.

(2) On August 8, 2019, the Board of Directors of the Company resolved the short-form merger with ATOMIC CRAFT CORPORATION, the effective date was set on September 30, 2019, and the Company was the surviving company.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 10, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments came into effect as endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract	January 1, 2022
Annual improvements to IFRSs Standards 2018- 2020 cycle'	January 1, 2022

The above standards and interpretations have no significant impact to the Group's consolidated financial condition and consolidated financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's consolidated financial condition and consolidated financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts '	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 –comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's consolidated financial condition and consolidated financial performance based on the Group's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for financial assets at fair value through other comprehensive income, the consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)	
Name of investor	Name of subsidiary	Main business activities	December 31, 2022	December 31, 2021
ONANO INDUSTRIAL CORP.	ONANO CO., LTD.	Investment in various business	100%	100%

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

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency. Details of foreign currency transactions and balances were as following:

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. They are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, the changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Leasing arrangements (lessor)-operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	30 years
Machinery and equipment	3～10 years
Transportation equipment	5 years
Office equipment	3～5 years
Others	2～10 years

(16) Leasing arrangements (lessee)-right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. The lease liability is recognised at the present value of the lease payments that are not paid and shall be discounted using the Group's incremental borrowing rate at commencement date. The lease payments include fixed payments less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset measured at cost shall comprise the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

Borrowings comprise long-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Accounts payable and other payables

A. Accounts payable are liabilities for purchases of raw materials, goods or services and other payables are those resulting from operating and non-operating activities.

B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

Financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Employee benefits

A. Salaries and other short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(22) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(24) Dividends

Cash dividends are recorded in the Company's financial statements as liabilities after the special resolution by the Board of Directors in accordance with Article 240 of the Company Act and the Company's Articles of Incorporation.

(25) Revenue recognition

A. Sales revenue

(a) Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) The sales usually are made with a credit term of 60 to 120 days, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

The Group provides plate slimming services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Based on the Group's assessment, there is no significant uncertainty in the adoption of the accounting policies.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible and intangible assets (excluding goodwill)

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

As of December 31, 2022, the carrying amount of property, plant and equipment was $948,895 considering the recognition of impairment loss.

B. Valuation of accounts receivable

The Group's management adequately adjusted credit policies to customers through periodic assessment of credit quality and collection of customers. The Group applies the simplified approach to estimate the expected credit loss. Management built expected loss rate based on the balance sheet date and customers' historical past due period, financial situation, economic situation and other factors which may affect the ability to pay and including future forecast information.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 17	$ 140
Checking accounts and demand deposits	23,374	1,423,530
Time deposits	1,467,239	480,103
Bonds sold under repurchase agreement	186,920	100,061
	$ 1,677,550	$ 2,003,834

The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

A. As of December 31, 2022 and 2021, the Group had no financial assets at fair value through profit or loss.

B. The Group recognised net (loss) profit amounting to $0 and $82,622 on financial assets at fair value through profit or loss, mandatorily measured at fair value for the years ended December 31, 2022 and 2021, respectively.

C. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

D. Information relating to fair value is provided in Note 12(3).

(3) Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Non-current items:		
Equity instrument		
Listed company shares	$ -	$ 141,575
Valuation adjustments	-	(2,697)
	$ -	$ 138,878

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31	
	2022	2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 105,908)	$ 963,125
Cumulative gains reclassified to retained earnings due to derecognition	($ 108,607)	$ 965,824
Dividend income recognised in profit or loss		
Held at end of year	$ -	$ 813
Derecognised during the year	2,680	2,785
	$ 2,680	$ 3,598

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was $0 and $138,878, respectively.

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

E. Information relating to fair value is provided in Note 12(3).

(4) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 100,054	$ 195,722
Less: Loss allowance	(30)	(59)
	$ 100,024	$ 195,663

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2022	December 31, 2021
	Accounts receivable	Accounts receivable
Not past due	$ 100,050	$ 194,920
1~30 days past due	4	802
31~90 days past due	-	-
	$ 100,054	$ 195,722

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, accounts receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to

$138,261.

C. The Group does not hold any collateral for aforementioned accounts receivable.

D. Information relating to credit risk is provided in Note 12(2).

(5)Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 5,111	($ 680)	$ 4,431
Semi-finished goods	3,803	(3,803)	-
Finished goods	8	(8)	-
	$ 8,922	($ 4,491)	$ 4,431

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 5,410	($ 624)	$ 4,786
Semi-finished goods	3,803	(3,803)	-
Finished goods	8	(8)	-
	$ 9,221	($ 4,435)	$ 4,786

A. No inventories were pledged to others as collaterals.

B. The cost of inventories recognised as expense for the period:

	Year ended December 31	
	2022	2021
Cost of goods sold	$ 328,133	$ 397,053
Loss on (gain on reversal of) decline in market value	56	(45)
	$ 328,189	$ 397,008

The Group reversed allowance for valuation loss because some inventories with net realizable value lower than its cost were sold by the Group.

(6)Property, plant and equipment

	2022						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Total
At January 1							
Cost	$ 447,794	$ 277,955	$ 645,765	$ 420	$ 7,814	$ 408,588	$ 1,788,336
Accumulated depreciation and impairment	-	(97,135)	(523,416)	(155)	(6,390)	(333,033)	(960,129)
	$ 447,794	$ 180,820	$ 122,349	$ 265	$ 1,424	$ 75,555	$ 828,207
Opening net book amount as at January 1	$ 447,794	$ 180,820	$ 122,349	$ 265	$ 1,424	$ 75,555	$ 828,207
Additions	174,033	22,222	13,550	-	-	18,208	228,013
Costs of disposal	-	-	(7,833)	-	(285)	(2,861)	(10,979)
Accumulated depreciation disposed	-	-	7,833	-	285	2,861	10,979
Reclassifications	-	-	6,688	-	-	855	7,543
Depreciation expense	-	(9,028)	(42,717)	(84)	(795)	(31,761)	(84,385)
Impairment losses on assets	-	-	(30,483)	-	-	-	(30,483)
At December 31	$ 621,827	$ 194,014	$ 69,387	$ 181	$ 629	$ 62,857	$ 948,895
At December 31							
Cost	$ 621,827	$ 300,177	$ 658,170	$ 420	$ 7,529	$ 424,790	$ 2,012,913
Accumulated depreciation and impairment	-	(106,163)	(588,783)	(239)	(6,900)	(361,933)	(1,064,018)
	$ 621,827	$ 194,014	$ 69,387	$ 181	$ 629	$ 62,857	$ 948,895

	2021						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Total
At January 1							
Cost	$ 447,794	$ 277,955	$ 608,285	$ 1,480	$ 6,894	$ 369,890	$ 1,712,298
Accumulated depreciation and impairment	-	(88,169)	(488,744)	(353)	(5,843)	(303,105)	(886,214)
	$ 447,794	$ 189,786	$ 119,541	$ 1,127	$ 1,051	$ 66,785	$ 826,084
Opening net book amount as at January 1	$ 447,794	$ 189,786	$ 119,541	$ 1,127	$ 1,051	$ 66,785	$ 826,084
Additions	-	-	37,768	-	1,074	38,914	77,756
Costs of disposal	-	-	(5,190)	(1,060)	(154)	(216)	(6,620)
Accumulated depreciation disposed	-	-	5,190	406	154	216	5,966
Reclassifications	-	-	4,902	-	-	-	4,902
Depreciation expense	-	(8,966)	(39,862)	(208)	(701)	(30,144)	(79,881)
At December 31	$ 447,794	$ 180,820	$ 122,349	$ 265	$ 1,424	$ 75,555	$ 828,207
At December 31							
Cost	$ 447,794	$ 277,955	$ 645,765	$ 420	$ 7,814	$ 408,588	$ 1,788,336
Accumulated depreciation and impairment	-	(97,135)	(523,416)	(155)	(6,390)	(333,033)	(960,129)
	$ 447,794	$ 180,820	$ 122,349	$ 265	$ 1,424	$ 75,555	$ 828,207

A. For the years ended December 31, 2022 and 2021, aforementioned property, plant and equipment has no interest capitalisation.

B. Please refer to Note 8 for information on property, plant and equipment pledged to others as collateral.

C. On December 31, 2022 and 2021, the Group has prepayments for purchasing property, plant and equipment and shown as other non-current assets in the amounts of $6,835 and $6,418, respectively.

D. Impairment information about the property, plant and equipment is provided in Note 6(9).

E. The Group’s property, plant and equipment are mainly for its own use. As certain part of buildings and structures are leased out at the time of purchase, the Company expects to use them for its own use starting from the end of the lease contract.

(7) Lease transactions-lessee

A. The Group leases various assets including transportation equipment. Rental contracts are made for periods of 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used in operation, sublease, pledged, sale and permission to be used by third party.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Transportation equipment
January 1, 2022	$ 615
Depreciation expense	(335)
December 31, 2022	$ 280

	Transportation equipment
January 1, 2021	$ 951
Depreciation expense	(336)
December 31, 2021	$ 615

C. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 4	$ 8
Expense on short-term lease contracts	$ 223	$ 955

D. For the years ended December 31, 2022 and 2021, the Group has total cash outflow which was generated from repaying principal of lease liability in the amounts of $335 and $333, respectively.

E. In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Lease transactions-lessor

A. The Group leases buildings. Rental contracts are typically made for periods within 1 year. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.

B. For the years ended December 31, 2022 and 2021, the Group recognised rent income in the amounts of $403 and $0, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2022
Year of 2023	$ 2,900

(9)Impairment of non-financial assets

A. The Group recognised impairment loss for the years ended December 31, 2022 and 2021 was $30,483 and $0, respectively. Details of such loss are as follows:

	Year ended December 31			
	2022		2021	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
Glass sputtering				
Impairment loss-machinery	$ 30,483	$ -	$ -	$ -

B. The Group considered the use of assets and assessed at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired based on value-in-use calculations. Impairment loss that the Group recognised according to the value in use of the aforementioned assets for the years ended December 31, 2022 and 2021 were $30,483 and $0, respectively.

(10)Other payables

	December 31, 2022	December 31, 2021
Salary and bonus payable	$ 22,262	$ 38,345
Payables for garbage cleaning	6,828	22,558
Payables for machinery and equipment	5,680	23,681
Consumables expense payable	2,980	4,823
Payables on settlement of marketable security	-	10,765
Others	22,032	31,287
	$ 59,782	$ 131,459

(11) Long-term borrowings

Type of Borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Installment-repayment borrowings				
E.SUN Bank secured borrowings	Borrowing period is from March 31, 2011 to March 31, 2026; interest is repayable monthly; principal is repayable in annuity method installments from April 30, 2012.	1.03%~1.58%	Please refer to Note 8.	$ 100,606
Less: Current portion				(32,118)
				$ 68,488

Type of Borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Installment-repayment borrowings				
E.SUN Bank secured borrowings	Borrowing period is from March 31, 2011 to March 31, 2026; interest is repayable monthly; principal is repayable in annuity method installments from April 30, 2012.	1.03%	Please refer to Note 8.	$ 129,975
Less: Current portion				(31,952)
				$ 98,023

A. In September 2021, the Group repaid long-term borrowings in advance in the amount of $6,678.

B. The Group recognised interest expenses in profit or loss. Please refer to Note 6(20) for details.

(12) Pensions

A. The Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2022 and 2021 were $6,337 and $6,258, respectively.

(13) Share capital

As of December 31, 2022, the Company's authorised capital was $1,500,000, consisting of 150,000 thousand shares of ordinary stock (including 2,000 thousand shares reserved for employee stock options issued by the Company), and the paid-in capital was $658,000 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected. Additionally, for the years ended December 31, 2022 and 2021, there was no change to the Company's outstanding ordinary shares.

(14) Capital surplus/Significant Events after the Balance Sheet Date

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Please refer to statement of changes in equity for the details of movement of capital surplus.

C. On April 29, 2022, the Board of Directors of the Company adopted a resolution and reported to the shareholders on June 16, 2022 to distribute cash dividends from capital surplus arising from additional paid-in capital in excess of par value in the amount of $65,800 for $1 per share.

D. On March 10, 2023, the Company passed the resolution of the Board of Directors to distribute the capital reserve of $6,580 in excess of the par value in cash, at a rate of $0.1 per share.

(15) Retained earnings

A. The current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and appropriate or reverse for special reserve as required by the operating needs of the Company or regulations when necessary. The remaining earnings, if any, may be appropriated along with the accumulated unappropriated earnings according to a resolution adopted by stockholders.

B. If all or part of dividends and bonus or legal reserve and capital surplus regulated under Article 241 of the Company Act are distributed in the form of cash, the resolution will be adopted if more than 2/3 of the directors attend the Board of Directors' meeting and more than 1/2 of the directors who attended approve and it shall then be reported to the shareholders.

C. The Company's dividend distribution policy is based on the Company's current and future investment environment, capital requirements, domestic and foreign competition situation and capital budget as well as shareholders' benefits, balanced dividends and the Company's long-term financial plan, etc. The appropriation is proposed to the shareholders by the Board of Directors every year based on the relevant laws, and the shareholders' bonus can be distributed in cash and shares. Cash bonus shall not be less than 10% of the total bonus distributed to shareholders.

D. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

E. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amount of $3,825 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, the company shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

F. The appropriation of 2021 and 2020 earnings as resolved by the shareholders on June 16, 2022 and July 15, 2021, respectively, are as follows

	Year ended December 31			
	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal surplus	$ 94,028		$ 8,716	
Cash dividends	65,800	1.0	39,480	0.6
	$ 159,828		$ 48,196	

(16)Other equity items

	2022	2021
	Unrealised (losses) gains on valuation	Unrealised (losses) gains on valuation
At January 1	($ 2,156)	$ -
Revaluation - gross	(105,908)	963,125
Revaluation - tax	(543)	543
Revaluation transferred to retained earnings - gross	108,607	(965,824)
At December 31	$ -	($ 2,156)

(17)Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers	$ 374,958	$ 540,413

The Group derives revenue from external customers and the revenue of slimmed opto-electronic glass is all in Taiwan, which were services transferred over time.

(18)Interest income

	Year ended December 31	
	2022	2021
Interest income from bank deposits	$ 17,186	$ 1,845

(19)Other income

	Year ended December 31	
	2022	2021
Dividend income	$ 2,680	$ 3,598
Rental revenue	403	-
Others	585	4,664
	$ 3,668	$ 8,262

(20)Other gains and losses

	Year ended December 31	
	2022	2021
Net currency exchange gains (losses)	113,920	($ 9,664)
Impairment loss	(30,483)	-
Gains on disposals of property, plant and equipment	95	40
Net gains from financial assets at fair value through profit or loss	-	82,622
Other	(65)	-
	$ 83,467	$ 72,998

(21)Finance costs

	Year ended December 31	
	2022	2021
Interest expense on bank borrowings	$ 1,596	$ 1,616
Interest expense on lease liabilities	4	8
Deposit calculated interest charges	1	-
	$ 1,601	$ 1,624

(22)Expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense	$ 180,548	$ 221,084
Depreciation charges on property, plant and equipment	$ 84,385	$ 79,881
Depreciation charges on right-of-use assets	$ 335	$ 336

(23)Employee benefit expense

	Year ended December 31	
	2022	2021
Salary expenses	$ 144,812	$ 189,019
Labour and health insurance fees	16,331	16,683
Pension costs	6,337	6,258
Directors' remuneration	6,188	2,449
Others	6,880	6,675
	$ 180,548	$ 221,084

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 0.5% for employees' compensation and shall not be higher than 3% for directors' remuneration.

A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, decide the distribution percentage of the employees' compensation and directors' remuneration and have the employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting.

The employees that the Company may distribute employees' compensation, issue stocks, employee stock options and new shares for subscription to shall include the employees of subsidiaries of the Company meeting certain specific requirements set by the Board of Directors.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at $200 and $5,593, respectively; directors' remuneration was accrued at $0 and $1,119, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2022, the employees' compensation and directors' remuneration were estimated and accrued based on 0.5% and 0% of distributable profit of current year as of the end of reporting period.

Employees' compensation and directors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements. Given the distribution of compensation to resigned employees is not required, the Company reclassified unpaid employees' compensation amounting to $3,867 to other income in 2021.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors and the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24)Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	$ -	$ 4,349
Tax on undistributed surplus earnings	33,816	-
Prior year income tax overestimation	(414)	(23)
Total current tax	33,402	4,326
Deferred tax:		
Origination and reversal of temporary differences	(737)	985
Total deferred tax	(737)	985
Others	-	241
Income tax expense	$ 32,665	$ 5,552

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2022	2021
Changes in valuation adjustment to financial assets at fair value through other comprehensive income	($ 543)	$ 543

(c) The income tax charged/(credited) to equity during the period is as follows:

	Year ended December 31	
	2022	2021
Disposal of investments in equity instruments designated at fair value through other comprehensive income	$ -	$ 125,136

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	$ 7,423	$ 21,028
Expenses disallowed by tax regulation	65	-
Tax exempt income by tax regulation	(2,981)	(33,037)
Taxable loss not recognised as deferred tax assets	(5,244)	12,991
Prior year income tax overestimation	(414)	(23)
Tax on undistributed surplus earnings	33,816	-
Effect from Alternative Minimum Tax	-	4,349
Others	-	244
Income tax expense	$ 32,665	$ 5,552

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Unrealised loss on valuation loss and slow-moving inventories	$ 887	$ 11	$ -	$ 898
Estimated unused compensated absences	1,070	(294)	-	776
Unrealised exchange loss	1,129	(1,129)	-	-
Investments loss accounted for using equity method	2,219	(1,021)	-	1,198
Difference on depreciation charges on property, plant and equipment	4,696	4,532	-	9,228
Losses on financial assets at fair value through other comprehensive income	543	-	(543)	-
	$ 10,544	$ 2,099	($ 543)	$ 12,100
Deferred tax liabilities:				
Temporary differences:				
Unrealised exchange gain	$ -	($ 1,364)	$ -	($ 1,364)
Gains on financial assets at fair value through profit or loss	(2)	2	-	-
	($ 2)	($ 1,362)	$ -	($ 1,364)
	$ 10,542	$ 737	($ 543)	$ 10,736

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Unrealised loss on valuation loss and slow-moving inventories	$ 896	($ 9)	$ -	$ 887
Estimated unused compensated absences	1,081	(11)	-	1,070
Unrealised exchange loss	423	706	-	1,129
Investments loss accounted for using equity method	1,517	702	-	2,219
Losses on financial assets at fair value through profit or loss	295	(295)	-	-
Difference on depreciation charges on property, plant and equipment	6,772	(2,076)	-	4,696
Losses on financial assets at fair value through other comprehensive income	-	-	543	543
	10,984	(983)	543	10,544
Deferred tax liabilities:				
Temporary differences:				
Gains on financial assets at fair value through profit or loss	-	(2)	-	(2)
	$ 10,984	($ 985)	$ 543	$ 10,542

D. Details of the amount the Group is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

December 31, 2022			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 2,092	$ 2,092	2023

December 31, 2021			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 564	$ 564	2022

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022							
Year incurred		Amount filed/ assessed		Unrecognised Unused amount		Unrecognized deferred tax assets	Expiry year
2019	$	72,407	$	46,189	$	46,189	2029
2020		118,302		118,302		118,302	2030
2021		64,956		64,956		64,956	2031
	$	255,665	$	229,447	$	229,447	

December 31, 2021							
Year incurred		Amount filed/ assessed		Unrecognised Unused amount		Unrecognized deferred tax assets	Expiry year
2019	$	72,407	$	72,407	$	72,407	2029
2020		118,302		118,302		118,302	2030
2021		64,956		64,956		64,956	2031
	$	255,665	$	255,665	$	255,665	

F. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(25)Earnings per share

	Year ended December 31, 2022				
		Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)		Earnings per share (in dollars)
Basic earnings per share					
Profit attributable to ordinary shareholders of the parent	$	4,454	65,800	$	0.07
Diluted earnings per share					
Profit attributable to ordinary shareholders of the parent	$	4,454	65,800		
Assumed conversion of all dilutive potential ordinary shares					
- Employees' compensation		-	10		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$	4,454	65,810	$	0.07

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 99,589	65,800	$ 1.51
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 99,589	65,800	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	202	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 99,589	66,002	$ 1.51

(26)Supplemental cash flow information

Investing activities with partial cash payments:

Property, plant and equipment

	Year ended December 31,	
	2022	2021
Purchase of property, plant and equipment	$ 228,013	$ 77,756
Add: Opening balance of payable on equipment	23,681	6,522
Less: Ending balance of payable on equipment	(5,680)	(23,681)
Cash paid during the year	$ 246,014	$ 60,597

(27)Changes in liabilities from financing activities

	Dividends payable and cash dividends from capital surplus	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total
At January 1, 2022	$ -	$ -	$ 129,975	$ 618	$ 130,593
Cash dividends declared	65,800	-	-	-	65,800
Cash dividends paid	(65,800)	-	-	-	(65,800)
Cash declared from capital surplus	65,800	-	-	-	65,800
Cash from capital surplus	(65,800)	-	-	-	(65,800)
Proceeds from short-term borrowings	-	110,000	-	-	110,000
Repayments of short-term borrowings	-	(110,000)	-	-	(110,000)
Repayments of long-term borrowings	-	-	(29,369)	-	(29,369)
Payments of lease liabilities	-	-	-	(335)	(335)
At December 31, 2022	$ -	$ -	$ 100,606	$ 283	$ 100,889

	Dividends payable	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total
At January 1, 2021	$ -	$ -	$ 156,735	$ 951	$ 157,686
Cash dividends declared	39,480	-	-	-	39,480
Cash dividends paid	(39,480)	-	-	-	(39,480)
Proceeds from short-term borrowings	-	150,000	-	-	150,000
Repayments of short-term borrowings	-	(150,000)	-	-	(150,000)
Proceeds from long-term borrowings	-	-	10,000	-	10,000
Repayments of long-term borrowings	-	-	(36,760)	-	(36,760)
Payments of lease liabilities	-	-	-	(333)	(333)
At December 31, 2021	$ -	$ -	$ 129,975	$ 618	$ 130,593

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
All directors, Chairman, General Manager, Vice-General Manager and Director	The Group's key management personnel and those charged with governance

(2) Key management compensation

	Year ended December 31	
	2022	2021
Salaries and other short-term employee benefits	$ 11,993	$ 12,536

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged assets	December 31, 2022	December 31, 2021	Purpose
Property, plant and equipment	$ 619,648	$ 628,614	Collateral for long-term borrowings

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

The Group's capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2022	December 31, 2021
Property, plant and equipment	$ 9,375	$ 14,390

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

(1) On March 10, 2023, the Board of Directors of the Company resolved a plan to liquidate the subsidiary, ONANO CO., LTD., taking into account the necessity of investment and saving operating cost.

(2) On March 10, 2023, the Board of Directors of the Company has resolved the 2022 cash distribution with capital surplus. Refer to Note 6(14) for details.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and 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, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total capital. Total liabilities are liabilities as shown in the consolidated balance sheet. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus total liabilities. The gearing ratio at December 31, 2022 and 2021 was 8% and 13%, respectively.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ -	$ 138,878
Financial assets at amortised cost		
Cash and cash equivalents	1,677,550	2,003,834
Accounts receivable, net	100,024	195,663
Other receivables	2,089	929
Other non-current assets - guarantee deposits paid	1	1
	$ 1,779,664	$ 2,339,305

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at amortised cost		
Notes payable	$ -	$ 3
Accounts payable	12,957	25,725
Other payables	59,782	131,459
Long-term borrowings (including current portion)	100,606	129,975
Other non-current liabilities - guarantee deposits received	1,006	60
	$ 174,351	$ 287,222
Lease liability - current/non-current	$ 283	$ 618

B. Financial risk management policies

(a) The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the management. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group’s operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

(i) The Group’s businesses involve some non-functional currency operations (the Company’s and subsidiaries’ functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD:NTD	$ 8,828	30.7080	$ 271,090

	December 31, 2021		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD:NTD	$ 30,499	27.6900	$ 844,517
EUR:NTD	497	31.3382	15,589
JPY:NTD	12,198	0.2406	2,935

(ii) The total exchange gain (loss) including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to $113,920 and ($9,664), respectively.

(iii) Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2022			
	Sensitivity analysis			
	Degree of variation	Effect on profit or loss		Effect on other comprehensive Income
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	1%	$	2,711	$ -

	Year ended December 31, 2021			
	Sensitivity analysis			
	Degree of variation	Effect on profit or loss		Effect on other comprehensive Income
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	1%	$	8,445	$ -
EUR:NTD	1%		156	-
JPY:NTD	1%		29	-

ii. Price risk

(i) The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

(ii) The Group's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of financial instruments would change due to the change of the future value of investee companies. If the prices of these financial instruments had increased/decreased by 1% with all other variables held constant, other components of equity would have increased/decreased by $0 and $1,389 for the years ended December 31, 2022 and 2021, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

iii. <u>Cash flow and fair value interest rate risk</u>

(i) The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group's borrowings at variable rate were mainly denominated in New Taiwan dollars.

(ii) If the borrowing interest rate of New Taiwan dollars had increased/decreased by 0.1% with all other variables held constant, profit before tax for the years ended December 31, 2022 and 2021 would have increased/decreased by $100 and $130, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to other financial instruments. Because the counterparties of the Group and performing parties are banks with good credit and financial institutions with investment grade or above have no significant compliance concern, there is no significant credit risk.

iii. The Group takes into consideration the historical experience. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. Based on the past collection experience, the default occurs when the contract payments are past due over 120 days.

v. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the modified approach based on the loss rate methodology to estimate the expected credit loss.

vi. The Group used the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the loss rate methodology is as follows:

	Not past due	Up to 30 days past due	31-90 days past due	91-120 days past due	Over 120 days past due	Total
At December 31, 2022						
Expected loss rate	0.03%	0.06%	0.09~0.12%	0.15%	100%	
Total book value	$ 100,050	$ 4	$ -	$ -	$ -	$ 100,054
Loss allowance	$ 30	$ -	$ -	$ -	$ -	$ 30

	Not past due	Up to 30 days past due	31-90 days past due	91-120 days past due	Over 120 days past due	Total
At December 31, 2021						
Expected loss rate	0.03%	0.06%	0.09~0.12%	0.15%	100%	
Total book value	$ 194,920	$ 802	$ -	$ -	$ -	$ 195,722
Loss allowance	$ 59	$ -	$ -	$ -	$ -	$ 59

The above ageing analysis was based on past due date.

vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2022	2021
	Accounts receivable	Accounts receivable
At January 1	$ 59	$ 42
Expected credit loss(gain)	(29)	17
At December 31	$ 30	$ 59

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group’s liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.

ii. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2022 and 2021, the Group held money market position that are expected to readily generate cash inflows for managing liquidity risk.

iii. As at December 31, 2022 and 2021, the Group has undrawn valid borrowing facilities of $500,000 and $500,000, respectively.

iv. The Group has no derivative financial liabilities; the Group's non-derivative financial liabilities are analysed into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Except for those listed in the table below, the Group's non-derivative financial liabilities will expire within 1 year and their contractual undiscounted cash flows amount are in agreement with the amounts shown in the balance sheets. The amounts disclosed in the table are the contractual undiscounted cash flows of the remaining non-derivative financial liabilities.

Non-derivative financial liabilities:

December 31,2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Lease liability - current/non-current	$ 284	$ -	$ -	$ -	$ 284
Long-term borrowings (including current portion)	33,587	31,003	38,754	-	103,344

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Lease liability - current/non-current	$ 341	$ 283	$ -	$ -	$ 624
Long-term borrowings (including current portion)	33,238	30,682	69,033	-	132,953

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value, which includes cash and cash equivalents, current financial assets at amortised cost, accounts receivable, other receivables, other non-current assets - guarantee deposits paid, accounts payable, other payables, long-term borrowings (including current portion), lease liabilities (including current portion) and other non-current liabilities - guarantee deposits received are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ 138,878	$ -	$ -	$ 138,878

D. The methods and assumptions the Group used to measure fair value are as follows:

The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Gold account
Market quoted price	Closing price	International gold price

E. For the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 and transfers into or out from Level 3.

(4) Other information

The Group has assessed that the Covid-19 pandemic has no significant adverse effect on its overall operating activities and financial statements for the year ended December 31, 2022. However, the Group will continue to monitor the development of the Covid-19 pandemic and its impact on the macroeconomic environment.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 1.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 3.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

(2) Measurement of segment information

The Group's chief operating decision-maker evaluates the performance of the segment based on the segment operating income (loss). This was the measure reported to the chief operating decision-maker for the purpose of resource allocation and the assessment of segment performance.

(3) Information about segment profit or loss, assets and liabilities

The Group had only one reportable segment, the segment income (loss), assets and liabilities and consolidated balance sheet and consolidated statement of comprehensive income were in agreement. The significant accounting policies and estimates of the operating segment and the accounting policies, estimates and assumptions described in Notes 4 and 5 of the consolidated financial statements are the same.

(4) Reconciliation for segment income (loss), assets and liabilities

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations is provided as follows:

	Year ended December 31	
	2022	2021
Reportable segments gain (loss)	($ 65,601)	$ 23,660
Interest income	17,186	1,845
Other income	3,668	8,262
Other gains and losses	83,467	72,998
Finance costs	(1,601)	(1,624)
Income before tax from continuing operations	$ 37,119	$ 105,141

(5) Information on products and services

Revenue from external customers is mainly from slimmed opto-electronic glass. Details of revenue are as follows:

	Year ended December 31	
	2022	2021
Revenue from Slimmed opto-electronic glass	$ 374,958	$ 540,413

(6) Geographical information

Information on the Group's revenue from external customers and non-current assets which were classified based on locations of sales customers and assets, respectively, is as follows:

	Year ended December 31			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 374,958	$ 966,121	$ 540,413	$ 851,244

Note: Non-current assets excluded financial instruments and deferred tax assets.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31			
	2022		2021	
	Revenue	Segment	Revenue	Segment
Client F	$ 242,681	Slimmed opto-electronic glass	$ 350,326	Slimmed opto-electronic glass
Client D	126,065	Slimmed opto-electronic glass	189,025	Slimmed opto-electronic glass

Onano Industrial Corp. and subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2022		Addition		Disposal				Balance as at December 31, 2022	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Onano Industrial Corp.	Common share of the listed company-Taiwan Semiconductor Manufacturing Co., Ltd.	Note 1	-	-	$ -	$ -	$ 600,000	$ 392,363	$ 600,000	$ 302,559	$ 302,559	-	-	$ -

Note 1: The general ledger account is 'financial assets at fair value through other comprehensive income', its gain or loss on disposal is transferred to retained earnings directly.
Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Onano Industrial Corp. and subsidiaries

Information on investees

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2022	Initial investment amount: Balance as at December 31, 2021	Shares held as at December 31, 2022: Number of shares	Shares held as at December 31, 2022: Ownership (%)	Shares held as at December 31, 2022: Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Onano Industrial Corp.	ONANO CO., LTD.	Seychelles	Investment in various business	$ 46,709	$ 46,709	1,500,240	100	$ 45,932	$ 5,104	$ 5,104	

Onano Industrial Corp. and subsidiaries

Major shareholders information

December 31, 2022

Table 3

Name of major shareholders	Shares: Number of shares held (ordinary shares)	Number of shares held (preference shares)	Ownership (%)
Chen,Chun-Hsia	4,822,241	-	7.32%
E-Du Co., Ltd.	4,541,952	-	6.90%
MARUMI ELECTRONICS CORPORATION	3,915,239	-	5.95%
Hong-Cheng Investment Ltd.	3,594,580	-	5.46%
Wu,Rong-bin	3,361,121	-	5.10%

Note 1: (1) The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

(2) If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 22000441

To the Board of Directors and Shareholders of Onano Industrial Corp.

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Impairment assessment of property, plant and equipment

<u>Description</u>

Refer to Notes 4(15) and 4(17) for accounting policies on property, plant and equipment, Note 5(1) for the uncertainty of accounting estimates and assumptions applied on property, plant and equipment impairment valuation, and Notes 6(7) and 6(10) for details of property, plant and equipment.

As of December 31, 2022, the Company's property, plant and equipment amounted to NT$948,895 thousand (net of accumulated impairment amounting to NT$74,229 thousand), constituting 34% of total assets. In accordance with IAS 36, "Impairment of Assets", the Company assesses at each balance sheet date whether there is an indication of impairment. If there is an indication of impairment, the Company shall estimate the recoverable amount of those assets. Evaluation of impairment indication involves subjective judgements of management, various assumptions and estimates with high degree of uncertainty.

As the amount of property, plant and equipment is material and the valuation process of impairment loss involves management judgement, we considered impairment assessment of property, plant and equipment as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Obtained an understanding of the management access and approval process on the impairment of property, plant and equipment.
2. Obtained the asset impairment checklist assessed by the management based on each cash-generating unit, and assessed the reasonableness of key assumptions used by the management.
3. Assessed the reasonableness of the management's estimation on the recoverable amounts.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

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

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

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

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

Wu, Yu-Lung	Lin, Chia-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

ONANO INDUSTRIAL CORP.

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

	Assets	Note	December 31, 2022 Amount		December 31, 2022 %	December 31, 2021 Amount		December 31, 2021 %
	Current assets							
1100	Cash and cash equivalents	6(1)	$	1,631,736	59	$	1,963,006	61
1170	Accounts receivable, net	6(4)		100,024	4		195,663	6
1200	Other receivables			1,971	-		929	-
1220	Current tax assets			490	-		490	-
130X	Inventories	6(5)		4,431	-		4,786	-
1410	Prepayments			6,996	-		6,344	1
1470	Other current assets			283	-		28	-
11XX	**Total current assets**			1,745,931	63		2,171,246	68
	Non-current assets							
1517	Non-current financial assets at fair value through other comprehensive income	6(3)		-	-		138,878	4
1550	Investments accounted for using the equity method	6(6)		45,932	2		40,828	1
1600	Property, plant and equipment	6(7)(10) and 8		948,895	34		828,207	26
1755	Right-of-use assets	6(8)		280	-		615	-
1840	Deferred income tax assets			12,100	-		10,544	-
1900	Other non-current assets	6(7)		16,946	1		22,423	1
15XX	**Total non-current assets**			1,024,153	37		1,041,495	32
1XXX	**Total assets**		$	2,770,084	100		3,212,741	100

(Continued)

ONANO INDUSTRIAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and equity	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2150	Notes payable		$ -	-	$ 3	-
2170	Accounts payable		12,957	1	25,725	1
2200	Other payables	6(11)	59,782	2	131,459	4
2230	Current income tax liabilities		32,627	1	129,436	4
2280	Lease liability - current		283	-	336	-
2320	Long-term liabilities, current portion	6(12)	32,118	1	31,952	1
2399	Other current liabilities		365	-	772	-
21XX	**Total current liabilities**		138,132	5	319,683	10
	Non-current liabilities					
2540	Long-term borrowings	6(12)	68,488	3	98,023	3
2570	Deferred income tax liabilities	6(25)	1,364	-	2	-
2580	Lease liability - non-current		-	-	282	-
2600	Other non-current liabilities		1,006	-	60	-
25XX	**Total non-current liabilities**		70,858	3	98,367	3
2XXX	**Total liabilities**		208,990	8	418,050	13
	Equity attributable to owners of the parent					
	Share capital	6(14)				
3110	Ordinary share		658,000	23	658,000	20
	Capital surplus	6(15)				
3200	Capital surplus		467,009	17	532,809	17
	Retained earnings	6(16)				
3310	Legal surplus		247,159	9	153,131	5
3320	Special reserve		3,825	-	3,825	-
3350	Undistributed surplus earnings		1,185,101	43	1,449,082	45
	Other equity interest	6(17)				
3400	Other equity interest		-	-	(2,156)	-
3XXX	**Total equity**		2,561,094	92	2,794,691	87
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9				
	Significant Events after the Balance Sheet Dat	11				
3X2X	**Total liabilities and equity**		$ 2,770,084	100	$ 3,212,741	100

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

ONANO INDUSTRIAL CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

			Year ended December 31			
			2022		2021	
	Items	Note	Amount	%	Amount	%
4000	Operating revenue	6(18)	$ 374,958	100	$ 540,413	100
5000	Operating costs	6(5)(23)(24)	(328,189)	(87)	(397,008)	(73)
5900	Gross profit from operations		46,769	13	143,405	27
	Operating expenses	6(23)(24)				
6100	Selling expenses		(9,309)	(3)	(9,952)	(2)
6200	General and administrative expenses		(42,103)	(11)	(53,346)	(10)
6300	Research and development expenses		(60,958)	(16)	(56,430)	(10)
6450	Gain (Loss) on expected credit impairment	12(2)	29	-	(17)	-
6000	Total operating expenses		(112,341)	(30)	(119,745)	(22)
6900	Net operating income(loss)		(65,572)	(17)	23,660	5
	Non-operating income and expenses					
7100	Interest income	6(19)	16,498	4	1,845	-
7010	Other income	6(9)(20)	3,668	1	8,262	2
7020	Other gains and losses	6(21)	79,022	21	76,505	14
7050	Finance costs	6(22)	(1,601)	-	(1,624)	-
7070	Share of profit or loss of subsidiaries, affiliates and joint ventures recognised using the equity method	6(6)	5,104	1	(3,507)	(1)
7000	Total non-operating income and expenses		102,691	27	81,481	15
7900	**Profit before tax**		37,119	10	105,141	20
7950	Income tax expense		(32,665)	(9)	(5,552)	(1)
8200	**Profit**		$ 4,454	1	$ 99,589	19
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(17)	($ 105,908)	(28)	$ 963,125	178
8349	Income tax expense related to components of other comprehensive income that will not be reclassified to profit or loss	6(17)	(543)	-	543	-
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		(106,451)	(28)	963,668	178
8300	**Other comprehensive (loss) income**		($ 106,451)	(28)	$ 963,668	178
8500	**Total comprehensive (loss) income for the year**		($ 101,997)	(27)	$ 1,063,257	197
	Basic earnings per share	6(26)				
9750	Profit		$ 0.07		$ 1.51	
	Diluted earnings per share	6(26)				
9850	Profit		$ 0.07		$ 1.51	

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

ONANO INDUSTRIAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent						
				Retained earnings				
	Notes	Ordinary share	Capital surplus, additional paid-in capital	Legal surplus	Special reserve	Undistributed surplus earnings	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Year ended December 31, 2021								
At January 1, 2021		$ 658,000	$ 532,809	$ 144,415	$ 3,825	$ 557,001	$ -	$ 1,896,050
Profit for the year		-	-	-	-	99,589	-	99,589
Other comprehensive income		-	-	-	-	-	963,668	963,668
Total comprehensive income		-	-	-	-	99,589	963,668	1,063,257
Appropriation and distribution of 2020 retained earnings:								
Legal reserve appropriated	6(16)	-	-	8,716	-	(8,716)	-	-
Cash dividends	6(16)	-	-	-	-	(39,480)	-	(39,480)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)(17)	-	-	-	-	965,824	(965,824)	-
Tax effect from disposal of equity instruments measured at fair value through other comprehensive income		-	-	-	-	(125,136)	-	(125,136)
At December 31, 2021		$ 658,000	$ 532,809	$ 153,131	$ 3,825	$ 1,449,082	($ 2,156)	$ 2,794,691
Year ended December 31, 2022								
At January 1, 2022		$ 658,000	$ 532,809	$ 153,131	$ 3,825	$ 1,449,082	($ 2,156)	$ 2,794,691
Profit for the year		-	-	-	-	4,454	-	87,165
Other comprehensive loss		-	-	-	-	-	(106,451)	(106,451)
Total comprehensive income (loss)		-	-	-	-	4,454	(106,451)	(101,997)
Appropriation and distribution of 2021 retained earnings:								
Legal reserve appropriated	6(16)	-	-	94,028	-	(94,028)	-	-
Cash dividends	6(16)	-	-	-	-	(65,800)	-	(65,800)
Cash from capital surplus	6(15)	-	(65,800)	-	-	-	-	(65,800)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)(17)	-	-	-	-	(108,607)	108,607	-
At December 31, 2022		$ 658,000	$ 467,009	$ 247,159	$ 3,825	$ 1,185,101	$ -	$ 2,561,094

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

ONANO INDUSTRIAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 37,119	$ 105,141
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation charges on property, plant and equipment	6(23)	84,385	79,881
Depreciation charges on right-of-use assets	6(23)	335	336
Loss (gain) on expected credit impairment	12(2)	(29)	17
Net gains on financial assets at fair value through profit or loss	6(2)(21)	-	(82,622)
Interest expense	6(22)	1,601	1,624
Interest income	6(19)	(16,498)	(1,845)
Dividend income	6(20)	(2,680)	(3,598)
Share of loss(gain) of subsidiaries accounted for under equity method, associates and joint ventures	6(6)	(5,104)	3,507
Gains on disposals of property, plant and equipment	6(21)	(95)	(40)
Impairment loss recognised in profit or loss, property, plant and equipment	6(21)	30,483	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		95,668	(57,419)
Other receivables		(347)	(473)
Inventories		355	(1,755)
Prepayments		(652)	4,866
Other current assets		(255)	37
Changes in operating liabilities			
Notes payable		(3)	3
Accounts payable		(12,768)	12,219
Other payables		(53,697)	22,467
Other current liabilities		(407)	73
Cash inflow generated from operations		157,411	82,419
Interest received		15,246	1,795
Dividends received		3,237	3,041
Interest paid		(1,581)	(1,512)
Income taxes refunded (paid)		(130,211)	939
Net cash provided by operating activities		44,102	86,682

(Continued)

ONANO INDUSTRIAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in valuation of financial assets at fair value through profit or loss		$ -	($ 1,309,335)
Decrease in valuation of financial assets at fair value through profit or loss		-	2,053,996
Acquisition of financial assets at fair value through other comprehensive income		(392,363)	(4,275,574)
Proceeds from disposal of financial assets at fair value through other comprehensive income		425,333	5,099,823
Acquisition of property, plant and equipment	6(27)	(246,014)	(60,597)
Proceeds from disposal of property, plant and equipment		95	694
Decrease in refundable deposits		-	425
Increase in prepayments for business facilities		(7,959)	(5,803)
Decrease in other non-current assets		5,894	4,064
Net cash (used in) provided by investing activities		(215,014)	1,507,693
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in guarantee deposits received		946	-
Proceeds from short-term debt	6(28)	110,000	150,000
Repayments of short-term debt	6(28)	(110,000)	(150,000)
Proceeds from long-term debt	6(28)	-	10,000
Repayments of long-term debt	6(28)	(29,369)	(36,760)
Payments of lease liabilities	6(28)	(335)	(333)
Cash paid from capital surplus	6(15)(28)	(65,800)	-
Cash dividends paid	6(16)(28)	(65,800)	(39,480)
Net cash used in financing activities		(160,358)	(66,573)
Increase (decrease) in cash and cash equivalents		(331,270)	1,527,802
Cash and cash equivalents, beginning of year		1,963,006	435,204
Cash and cash equivalents, end of year		$ 1,631,736	$ 1,963,006

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

ONANO INDUSTRIAL CORP.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. History and Organization

(1) ONANO INDUSTRIAL CORP. (the "Company") was incorporated in July 2004 under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in slimmed opto-electronic glass. The Company was listed on the Taiwan Stock Exchange since November 28, 2013.

(2) On August 8, 2019, the Board of Directors of the Company resolved the short-form merger with ATOMIC CRAFT CORPORATION, the effective date was set on September 30, 2019, and the Company was the surviving company.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 10, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract	January 1, 2022
Annual improvements to IFRSs Standards 2018- 2020 cycle	January 1, 2022

The above standards and interpretations have no significant impact to the Company's parent company only financial condition and parent company only financial performance based on the Company's assessment.

(2) <u>Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company</u>

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's parent company only financial condition and parent company only financial performance based on the Company's assessment.

(3) <u>IFRSs issued by IASB but not yet endorsed by the FSC</u>

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's parent company only financial condition and parent company only financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the financial assets at fair value through other comprehensive income measured at fair value, the parent company only financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. Details of foreign currency transactions and balances were as following:

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. They are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, the changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Leasing arrangements (lessor)-operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using equity method/subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company’s share of its subsidiaries’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company’s share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company recognises loss continuously in proportion to its ownership.

D. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	30 years
Machinery and equipment	3～10 years
Transportation equipment	5 years
Office equipment	3～5 years
Others	2～10 years

(16) Leasing arrangements (lessee)-right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. The lease liability is recognised at the present value of the lease payments that are not paid and shall be discounted using the Company's incremental borrowing rate at commencement date. The lease payments include fixed payments less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset measured at cost shall comprise the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

Borrowings comprise long-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Accounts payable and other payables

A. Accounts payable are liabilities for purchases of raw materials, goods or services and other payables are those resulting from operating and non-operating activities.

B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

Financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Employee benefits

A. Salaries and other short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(22) Income taxes

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(24) Dividends

Cash dividends are recorded in the Company’s financial statements as liabilities after the special resolution by the Board of Directors in accordance with Article 240 of the Company Act and the Company’s Articles of Incorporation.

(25) Revenue recognition

A. Sales revenue

(a) Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) The sales usually are made with a credit term of 60 to 120 days, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

The Company provides plate slimming services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

Based on the Company's assessment, there is no significant uncertainty in the adoption of the accounting policies.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible and intangible assets (excluding goodwill)

The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific Company of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

As of December 31, 2022, the carrying amount of property, plant and equipment was $948,895 considering the recognition of impairment loss.

B. Valuation of accounts receivable

The Company's management adequately adjusted credit policies to customers through periodic assessment of credit quality and collection of customers. The Company applies the simplified approach to estimate the expected credit loss. Management built expected loss rate based on the balance sheet date and customers' historical past due period, financial situation, economic situation and other factors which may affect the ability to pay and including future forecast information.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 17	$ 140
Checking accounts and demand deposits	20,550	1,382,702
Time deposits	1,424,249	480,103
Bonds sold under repurchase agreement	186,920	100,061
	$ 1,631,736	$ 1,963,006

The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

A. As of December 31, 2022 and 2021, the Company had no financial assets at fair value through profit or loss.

B. The Company recognised net (loss) profit amounting to $0 and $82,622 on financial assets at fair value through profit or loss, mandatorily measured at fair value for the years ended December 31, 2022 and 2021, respectively.

C. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.

D. Information relating to fair value is provided in Note 12(3).

(3) Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Non-current items:		
Equity instrument		
Listed company shares	$ -	$ 141,575
Valuation adjustments	-	(2,697)
	$ -	$ 138,878

A. The Company has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31	
	2022	2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 105,908)	$ 963,125
Cumulative gains reclassified to retained earnings due to derecognition	($ 108,607)	$ 965,824
Dividend income recognised in profit or loss		
Held at end of year	$ -	$ 813
Derecognised during the year	2,680	2,785
	$ 2,680	$ 3,598

C. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

D. Information relating to fair value is provided in Note 12(3).

(4)Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 100,054	$ 195,722
Less: Loss allowance	(30)	(59)
	$ 100,024	$ 195,663

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2022	December 31, 2021
	Accounts receivable	Accounts receivable
Not past due	$ 100,050	$ 194,920
Up to 30 days past due	4	802
31~90 days past due	-	-
	$ 100,054	$ 195,722

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, accounts receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to $138,261.

C. The Company does not hold any collateral for aforementioned accounts receivable.

D. Information relating to credit risk is provided in Note 12(2).

(5)Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 5,111	($ 680)	$ 4,431
Semi-finished goods	3,803	(3,803)	-
Finished goods	8	(8)	-
	$ 8,922	($ 4,491)	$ 4,431

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 5,410	($ 624)	$ 4,786
Semi-finished goods	3,803	(3,803)	-
Finished goods	8	(8)	-
	$ 9,221	($ 4,435)	$ 4,786

A. No inventories were pledged to others as collaterals.

B. The cost of inventories recognised as expense for the period:

	Year ended December 31	
	2022	2021
Cost of goods sold	$ 328,133	$ 397,053
Loss on (gain on reversal of) decline in market value	56	(45)
	$ 328,189	$ 397,008

The Company reversed allowance for valuation loss because some inventories with net realizable value lower than its cost were sold by the Company.

(6)Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Subsidiaries		
ONANO CO., LTD	$ 45,932	$ 40,828

A. Subsidiaries

Details of the Company’s subsidiaries are provided in Note 4(3) of the Company’s consolidated financial statements as of and for the year ended December 31, 2022.

B. The abovementioned long-term investments accounted for using the equity method’s investment income were recognised based on their financial statements audited by the Company’s independent auditors. Loss on investments accounted for using the equity method amounted to $5,104 and ($3,507) for the years ended December 31, 2022 and 2021, respectively.

(7)Property, plant and equipment

	2022						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Total
At January 1							
Cost	$ 447,794	$ 277,955	$ 645,765	$ 420	$ 7,814	$ 408,588	$ 1,788,336
Accumulated depreciation and impairment	-	(97,135)	(523,416)	(155)	(6,390)	(333,033)	(960,129)
	$ 447,794	$ 180,820	$ 122,349	$ 265	$ 1,424	$ 75,555	$ 828,207
Opening net book amount as at January 1	$ 447,794	$ 180,820	$ 122,349	$ 265	$ 1,424	$ 75,555	$ 828,207
Additions	174,033	22,222	13,550	-	-	18,208	228,013
Costs of disposal	-	-	(7,833)	-	(285)	(2,861)	(10,979)
Accumulated depreciation disposed	-	-	7,833	-	285	2,861	10,979
Reclassifications			6,688		-	855	7,543
Depreciation expense	-	(9,028)	(42,717)	(84)	(795)	(31,761)	(84,385)
Impairment loss	-	-	(30,483)	-	-	-	(30,483)
At December 31	$ 621,827	$ 194,014	$ 69,387	$ 181	$ 629	$ 62,857	$ 948,895
At December 31							
Cost	$ 621,827	$ 300,177	$ 658,170	$ 420	$ 7,529	$ 424,790	$ 2,012,913
Accumulated depreciation and impairment	-	(106,163)	(588,783)	(239)	(6,900)	(361,933)	(1,064,018)
	$ 621,827	$ 194,014	$ 69,387	$ 181	$ 629	$ 62,857	$ 948,895

	2021						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Total
At January 1							
Cost	$ 447,794	$ 277,955	$ 608,285	$ 1,480	$ 6,894	$ 369,890	$ 1,712,298
Accumulated depreciation and impairment	-	(88,169)	(488,744)	(353)	(5,843)	(303,105)	(886,214)
	$ 447,794	$ 189,786	$ 119,541	$ 1,127	$ 1,051	$ 66,785	$ 826,084
Opening net book amount as at January 1	$ 447,794	$ 189,786	$ 119,541	$ 1,127	$ 1,051	$ 66,785	$ 826,084
Additions	-	-	37,768	-	1,074	38,914	77,756
Costs of disposal	-	-	(5,190)	(1,060)	(154)	(216)	(6,620)
Accumulated depreciation disposed	-	-	5,190	406	154	216	5,966
Reclassifications	-	-	4,902	-	-	-	4,902
Depreciation expense	-	(8,966)	(39,862)	(208)	(701)	(30,144)	(79,881)
At December 31	$ 447,794	$ 180,820	$ 122,349	$ 265	$ 1,424	$ 75,555	$ 828,207
At December 31							
Cost	$ 447,794	$ 277,955	$ 645,765	$ 420	$ 7,814	$ 408,588	$ 1,788,336
Accumulated depreciation and impairment	-	(97,135)	(523,416)	(155)	(6,390)	(333,033)	(960,129)
	$ 447,794	$ 180,820	$ 122,349	$ 265	$ 1,424	$ 75,555	$ 828,207

A. For the years ended December 31, 2022 and 2021, aforementioned property, plant and equipment has no interest capitalisation.

B. Please refer to Note 8 for information on property, plant and equipment pledged to others as collateral.

C. On December 31, 2022 and 2021, the Company has prepayments for purchasing property, plant and equipment and shown as other non-current assets in the amounts of $6,835 and $6,418, respectively.

D. Impairment information about the property, plant and equipment is provided in Note 6(10).

E. The Company's property, plant and equipment are mainly for its own use. As certain part of buildings and structures are leased out at the time of purchase, the Company expects to use them for its own use starting from the end of the lease contract.

(8)Lease transactions-lessee

A. The Company leases various assets including transportation equipment. Rental contracts are made for periods of 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used in operation, sublease, pledged, sale and permission to be used by third party.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Transportation equipment
January 1, 2022	$ 615
Depreciation expense	(335)
December 31, 2022	$ 280

	Transportation equipment
January 1, 2021	$ 951
Depreciation expense	(336)
December 31, 2021	$ 615

C. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 4	$ 8
Expense on short-term lease contracts	$ 223	$ 955

D. For the years ended December 31, 2022and 2021, the Company has total cash outflow which was generated from repaying principal of lease liability in the amounts of $335 and $333, respectively.

E. In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9)Leasing arrangements – lessor

A. The Company leases buildings. Rental contracts are typically made for periods within 1 year. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor’s ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.

B. For the years ended December 31, 2022 and 2021, the Company recognised rent income in the amounts of $403 and $0, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2022
Year of 2023	$ 2,900

(10) Impairment of non-financial assets

A. The Company recognised impairment loss for the years ended December 31, 2022 and 2021 was $30,483and $0, respectively. Details of such loss are as follows:

	Year ended December 31			
	2022		2021	
	Recognised in profit or loss	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in other comprehensive income
Glass sputtering				
Impairment loss-machinery	$ 30,483	$ -	$ -	$ -

B. The Company considered the use of assets and assessed at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired based on value-in-use calculations. Impairment loss that the Company recognised according to the value in use of the aforementioned assets for the years ended December 31, 2022 and 2021 were $30,483 and $0, respectively.

(11) Other payables

	December 31, 2022	December 31, 2021
Salary and bonus payable	$ 22,262	$ 38,345
Payables for garbage cleaning	6,828	22,558
Payables for machinery and equipment	5,680	23,681
Consumables expense payable	2,980	4,823
Payables on settlement of marketable security	-	10,765
Others	22,032	31,287
	$ 59,782	$ 131,459

(12) Long-term borrowings

Type of Borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Installment-repayment borrowings				
E.SUN Bank secured borrowings	Borrowing period is from March 31, 2011 to March 31, 2026; interest is repayable monthly; principal is repayable in annuity method installments from April 30, 2012.	1.03%~1.58%	Please refer to Note 8.	$ 100,606
Less: Current portion				(32,118)
				$ 68,488

Type of Borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Installment-repayment borrowings				
E.SUN Bank secured borrowings	Borrowing period is from March 31, 2011 to March 31, 2026; interest is repayable monthly; principal is repayable in annuity method installments from April 30, 2012.	1.03%	Please refer to Note 8.	$ 129,975
Less: Current portion				(31,952)
				$ 98,023

A. In September 2021, the Company repaid long-term borrowings in advance in the amounts of $6,678.

B. The Company recognised interest expense in profit or loss. Please refer to Note 6(22) for details.

(13) Pensions

A. The Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were $6,337 and $6,258, respectively.

(14)Share capital

As of December 31, 2022, the Company's authorised capital was $1,500,000, consisting of 150,000 thousand shares of ordinary stock (including 2,000 thousand shares reserved for employee stock options issued by the Company), and the paid-in capital was $658,000 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected. Additionally, for the years ended December 31, 2022 and 2021, there was no change to the Company's outstanding ordinary shares.

(15)Capital surplus/Significant Events after the Balance Sheet Date

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Please refer to statement of changes in equity for the details of movement of capital surplus.

C. On April 29, 2022, the Board of Directors of the Company adopted a resolution and reported to the shareholders on June 16, 2022 to distribute cash dividends from capital surplus arising from additional paid-in capital in excess of par value in the amount of $65,800 for $1 per share

D.On March 10, 2023, the Company passed the resolution of the Board of Directors to distribute the capital reserve of $6,580 in excess of the par value in cash, at a rate of $0.1 per share.

(16)Retained earnings

A. The current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and appropriate or reverse for special reserve as required by the operating needs of the Company or regulations when necessary. The remaining earnings, if any, may be appropriated along with the accumulated unappropriated earnings according to a resolution adopted by stockholders.

B. If all or part of dividends and bonus or legal reserve and capital surplus regulated under Article 241 of the Company Act are distributed in the form of cash, the resolution will be adopted if more than 2/3 of the directors attend the Board of Directors' meeting and more than 1/2 of the directors who attended approve and it shall then be reported to the shareholders.

C. The Company's dividend distribution policy is based on the Company's current and future investment environment, capital requirements, domestic and foreign competition situation and capital budget as well as shareholders' benefits, balanced dividends and the Company's long-term financial plan, etc. The appropriation is proposed to the shareholders by the Board of Directors every year based on the relevant laws, and the shareholders' bonus can be distributed in cash and shares. Cash bonus shall not be less than 10% of the total bonus distributed to shareholders.

D. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

E. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amount of $3,825 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

F. The appropriation of earnings was as follows:

The appropriation of 2021 and 2020 earnings as resolved by the shareholders on June 16, 2022 and July 15, 2021, respectively, were as follows:

	Year ended December 31			
	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal surplus	$ 94,028		$ 8,716	
Cash dividends	65,800	1.0	39,480	0.6
	$ 159,828		$ 48,196	

(17)Other equity items

	2022	2021
	Unrealised (losses) gains on valuation	Unrealised (losses) gains on valuation
At January 1	($ 2,156)	$ -
Revaluation - gross	(105,908)	963,125
Revaluation - tax	(543)	543
Revaluation transferred to retained earnings - gross	108,607	(965,824)
At December 31	$ -	($ 2,156)

(18)Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers	$ 374,958	$ 540,413

The Company derives revenue from external customers and the revenue of slimmed opto-electronic glass is all in Taiwan, which were services transferred over time.

(19)Interest income

	Year ended December 31	
	2022	2021
Interest income from bank deposits	$ 16,498	$ 1,845

(20)Other income

	Year ended December 31	
	2022	2021
Dividend income	$ 2,680	$ 3,598
Rental revenue	403	-
Others	585	4,664
	$ 3,668	$ 8,262

(21)Other gains and losses

	Year ended December 31	
	2022	2021
Net currency exchange gains (losses)	$ 109,475	($ 6,157)
Impairment loss	(30,483)	-
Gains on disposals of property, plant and equipment	95	40
Net gains from financial assets at fair value through profit or loss	-	82,622
Others	(65)	-
	$ 79,022	$ 76,505

(22) Finance costs

	Year ended December 31	
	2022	2021
Interest expense on bank borrowings	$ 1,596	$ 1,616
Interest expense on lease liabilities	4	8
Deposit calculated interest charges	1	-
	$ 1,601	$ 1,624

(23) Expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense	$ 180,548	$ 221,084
Depreciation charges on property, plant and equipment	$ 84,385	$ 79,881
Depreciation charges on right-of-use assets	$ 335	$ 336

(24) Employee benefit expense

	Year ended December 31	
	2022	2021
Salary expenses	$ 144,812	$ 189,019
Labour and health insurance fees	16,331	16,683
Pension costs	6,337	6,258
Directors’ remuneration	6,188	2,449
Others	6,880	6,675
	$ 180,548	$ 221,084

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall not be lower than distributed as employees’ compensation and directors’ remuneration. The ratio shall not be lower than 0.5% for employees’ compensation and shall not be higher than 3% for directors’ remuneration.

A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, decide the distribution percentage of the employees’ compensation and directors’ remuneration and have the employees’ compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting.

The employees that the Company may distribute employees’ compensation, issue stocks, employee stock options and new shares for subscription to shall include the employees of subsidiaries of the Company meeting certain specific requirements set by the Board of Directors.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at $200 and $5,593, respectively; directors' remuneration was accrued at $0 and $1,119, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2022, the employees' compensation and directors' remuneration were estimated and accrued based on 0.5% and 0% of distributable profit of current year as of the end of reporting period.

Employees' compensation and directors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements. Given the distribution of compensation to resigned employees is not required, the Company reclassified unpaid employees' compensation amounting to $3,867 to other income in 2021.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors and the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	$ -	$ 4,349
Tax on undistributed surplus earnings	33,816	
Prior year income tax overestimation	(414)	(23)
Total current tax	33,402	4,326
Deferred tax:		
Origination and reversal of temporary differences	(737)	985
Total deferred tax	(737)	985
Others	-	241
Income tax expense	$ 32,665	$ 5,552

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2022	2021
Changes in valuation adjustment to financial assets at fair value through other comprehensive income	($ 543)	$ 543

(c) The income tax charged/(credited) to equity during the period is as follows:

	Year ended December 31	
	2022	2021
Disposal of investments in equity instruments designated at fair value through other comprehensive income	$ -	$ 125,136

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	$ 7,423	$ 21,028
Expenses disallowed by tax regulation	65	-
Tax exempt income by tax regulation	(2,981)	(33,037)
Taxable loss not recognised as deferred tax assets	(5,244)	12,991
Prior year income tax overestimation	(414)	(23)
Tax on undistributed surplus earnings	33,816	-
Effect from Alternative Minimum Tax	-	4,349
Others	-	244
Income tax expense	$ 32,665	$ 5,552

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Unrealised loss on valuation loss and slow-moving inventories	$ 887	11	$ -	$ 898
Estimated unused compensated absences	1,070	(294)	-	776
Unrealised exchange loss	1,129	(1,129)	-	-
Investments loss accounted for using equity method	2,219	(1,021)	-	1,198
Difference on depreciation charges on property, plant and equipment	4,696	4,532	-	9,228
Losses on financial assets at fair value through other comprehensive income	543	-	(543)	-
	$ 10,544	$ 2,099	($ 543)	$ 12,100
Deferred tax liabilities:				
Temporary differences:				
Unrealised exchange gain	$ -	($ 1,364)	$ -	($ 1,364)
Gain on financial assets measured at fair value through profit or loss	(2)	2	-	-
	($ 2)	($ 1,362)	$ -	($ 1,364)
	$ 10,542	$ 737	($ 543)	$ 10,736

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Unrealised loss on valuation loss and slow-moving inventories	$ 896	($ 9)	$ -	$ 887
Estimated unused compensated absences	1,081	(11)	-	1,070
Unrealised exchange loss	423	706	-	1,129
Investments loss accounted for using equity method	1,517	702	-	2,219
Losses on financial assets at fair value through profit or loss comprehensive income	295	(295)	-	-
Difference on depreciation charges on property, plant and equipment	6,772	(2,076)	-	4,696
Losses on financial assets at fair value through other comprehensive income	-	-	543	543
	$ 10,984	($ 983)	$ 543	$ 10,544
Deferred tax liabilities:				
Temporary differences:				
Gain on financial assets measured at fair value through profit or loss	-	(2)	-	(2)
	$ 10,984	($ 985)	$ 543	$ 10,542

D. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

December 31, 2022			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 2,092	$ 2,092	2023

December 31, 2021			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 564	$ 564	2022

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022				
Year incurred	Amount filed/ assessed	Unrecognised Unused amount	Unrecognized deferred tax assets	Expiry year
2019	$ 72,407	$ 46,189	$ 46,189	2029
2020	118,302	118,302	118,302	2030
2021	64,956	64,956	64,956	2031
	$ 255,665	$ 229,447	$ 229,447	

December 31, 2021				
Year incurred	Amount filed/ assessed	Unrecognised Unused amount	Unrecognized deferred tax assets	Expiry year
2019	$ 72,407	$ 72,407	$ 72,407	2029
2020	118,302	118,302	118,302	2030
2021	64,956	64,956	64,956	2031
	$ 255,665	$ 255,665	$ 255,665	

F. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(26)Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 4,454	65,800	$ 0.07
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 4,454	65,800	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	10	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive\potential ordinary shares	$ 4,454	65,810	$ 0.07

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 99,589	65,800	$ 1.51
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 99,589	65,800	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	202	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive\potential ordinary shares	$ 99,589	66,002	$ 1.51

(27) Supplemental cash flow information

Investing activities with partial cash payments:

Property, plant and equipment

	Year ended December 31 2022	Year ended December 31 2021
Purchase of property, plant and equipment	$ 228,013	$ 77,756
Add: Opening balance of payable on equipment	23,681	6,522
Less: Ending balance of payable on equipment	(5,680)	(23,681)
Cash paid during the year	$ 246,014	$ 60,597

(28) Changes in liabilities from financing activities

	Dividends payable and cash dividends from capital surplus	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total
At January 1, 2022	$ -	$ -	$ 129,975	$ 618	$ 130,593
Cash dividends declared	65,800	-	-	-	65,800
Cash dividends paid	(65,800)	-	-	-	(65,800)
Cash declared from capital surplus	65,800	-	-	-	65,800
Cash from capital surplus	(65,800)	-	-	-	(65,800)
Proceeds from short-term borrowings	-	110,000			110,000
Repayments of short-term borrowings	-	(110,000)	-	-	(110,000)
Repayments of long-term borrowings	-	-	(29,369)	-	(29,369)
Payments of lease liabilities	-	-	-	(335)	(335)
At December 31, 2022	$ -	$ -	$ 100,606	$ 283	$ 100,889

	Dividends payable	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total
At January 1, 2021	$ -	$ -	$ 156,735	$ 951	$ 157,686
Cash dividends declared	39,480	-	-	-	39,480
Cash dividends paid	(39,480)	-	-	-	(39,480)
Proceeds from short-term borrowings	-	150,000	-	-	150,000
Repayments of short-term borrowings	-	(150,000)	-	-	(150,000)
Proceeds from long-term borrowings	-	-	10,000	-	10,000
Repayments of long-term borrowings	-	-	(36,760)	-	(36,760)
Payments of lease liabilities	-	-	-	(333)	(333)
At December 31, 2021	$ -	$ -	$ 129,975	$ 618	$ 130,593

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
All directors, Chairman, General Manager, Vice-General Manager and Director	The Company's key management personnel and those charged with governance

(2) Key management compensation

	Year ended December 31	
	2022	2021
Salaries and other short-term employee benefits	$ 11,993	$ 12,536

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged assets	December 31, 2022	December 31, 2021	Purpose
Property, plant and equipment	$ 619,648	$ 628,614	Collateral for long-term borrowings

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

The Company's capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2022	December 31, 2021
Property, plant and equipment	$ 9,375	$ 14,390

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

(1) On March 10, 2023, the Board of Directors of the Company resolved a plan to liquidate the subsidiary, ONANO CO., LTD., taking into account the necessity of investment and saving operating cost.

(2) On March 10, 2023, the Board of Directors of the Company has resolved the 2022 cash distribution with capital surplus. Refer to Note 6(15) for details.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and 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, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total capital. Total liabilities are liabilities as shown in the parent company only balance sheet. Total capital is calculated as 'equity' as shown in the parent company only balance sheet plus total liabilities. The gearing ratio at

December 31, 2022 and 2021 was 8% and 13%, respectively.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ -	$ 138,878
Financial assets at amortised cost		
Cash and cash equivalents	1,631,736	1,963,006
Accounts receivable, net	100,024	195,663
Other receivables	1,971	929
Other non-current assets - guarantee deposits paid	1	1
	$ 1,733,732	$ 2,298,477

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at amortised cost		
Notes payable	$ -	$ 3
Accounts payable	12,957	25,725
Other payables	59,782	131,459
Long-term borrowings (including current portion)	100,606	129,975
Other non-current liabilities - guarantee deposits received	1,006	60
	$ 174,351	$ 287,222
Lease liability - current/non-current	$ 283	$ 618

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the management. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

(i) The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022				
(Foreign currency: functional currency)		Foreign currency amount (In thousands)	Exchange rate		Book value (NTD)
Financial assets					
Monetary items					
USD:NTD	$	7,336	30.7080	$	225,276

	December 31, 2021				
(Foreign currency: functional currency)		Foreign currency amount (In thousands)	Exchange rate		Book value (NTD)
Financial assets					
Monetary items					
USD:NTD	$	29,025	27.6900	$	803,700
EUR:NTD		497	31.3382		15,589
JPY:NTD		12,198	0.2406		2,935

(ii) The total exchange gain (loss) including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to $109,475 and ($6,157), respectively.

(iii) Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive Income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,253	$ -

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive Income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 8,037	$ -
EUR:NTD	1%	156	-
JPY:NTD	1%	29	-

ii. Price risk

(i) The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

(ii) The Company's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of financial instruments would change due to the change of the future value of investee companies. If the prices of these financial instruments had increased/decreased by 1% with all other variables held constant, other components of equity would have increased/decreased by $0 and $1,389 for the years ended December 31, 2022 and 2021, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

iii. Cash flow and fair value interest rate risk

(i) The Company’s main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. The Company’s borrowings at variable rate were mainly denominated in New Taiwan dollars.

(ii) If the borrowing interest rate of New Taiwan dollars had increased/decreased by 0.1% with all other variables held constant, profit before tax for the years ended December 31, 2022 and 2021 would have increased/decreased by \$100 and \$130, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Company manages their credit risk taking into consideration the entire Company’s concern. According to the Company’s credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to other financial instruments. Because the counterparties of the Company and performing parties are banks with good credit and financial institutions with investment grade or above have no significant compliance concern, there is no significant credit risk.

iii. The Company takes into consideration the historical experience. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition

iv. Based on the past collection experience, the default occurs when the contract payments are past due over 120 days.

v. The Company classifies customers’ accounts receivable in accordance with customer types. The Company applies the modified approach based on the loss rate methodology to estimate the expected credit loss.

vi. The Company used the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the loss rate methodology is as follows:

	Not past due	Up to 30 days past due	31-90 days past due	91-120 days past due	Over 120 days past due	Total
At December 31, 2022						
Expected loss rate	0.03%	0.06%	0.09~0.12%	0.15%	100%	
Total book value	$ 100,050	$ 4	$ -	$ -	$ -	$ 100,054
Loss allowance	$ 30	$ -	$ -	$ -	$ -	$ 30

	Not past due	Up to 30 days past due	31-90 days past due	91-120 days past due	Over 120 days past due	Total
At December 31, 2021						
Expected loss rate	0.03%	0.06%	0.09~0.12%	0.15%	100%	
Total book value	$ 194,920	$ 802	$ -	$ -	$ -	$ 195,722
Loss allowance	$ 59	$ -	$ -	$ -	$ -	$ 59

The above ageing analysis was based on past due date.

vii. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2022	2021
	Accounts receivable	Accounts receivable
At January 1	$ 59	$ 42
Expected credit loss(gain)	(29)	17
At December 31	$ 30	$ 59

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company’s liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.

ii. Company treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2022 and 2021, the Company held money market position that are expected to readily generate cash inflows for managing liquidity risk.

iii. As at December 31, 2022 and 2021, the Company has undrawn valid borrowing facilities of $500,000 and $500,000, respectively.

iv. The Company has no derivative financial liabilities; the Company’s non-derivative financial liabilities are analysed into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Except for those listed in the table below, the Company's non-derivative financial liabilities will expire within 1 year and their contractual undiscounted cash flows amount are in agreement with the amounts shown in the balance sheets. The amounts disclosed in the table are the contractual undiscounted cash flows of the remaining non-derivative financial liabilities.

Non-derivative financial liabilities:

December 31,2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Lease liability - current/non-current	$ 284	$ -	$ -	$ -	$ 284
Long-term borrowings (including current portion)	33,587	31,003	38,754	-	103,344

Non-derivative financial liabilities:

December 31,2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Lease liability - current/non-current	$ 341	$ 293	$ -	$ -	$ 634
Long-term borrowings (including current portion)	33,238	30,682	69,033	-	132,953

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of the Company's financial instruments not measured at fair value, which includes cash and cash equivalents, current financial assets at amortised cost, accounts receivable, other receivables, other non-current assets - guarantee deposits paid, accounts payable, other payables, long-term borrowings (including current portion), lease liabilities (including current portion) and other non-current liabilities - guarantee deposits received are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

December 31, 2022: None

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ 138,878	$ -	$ -	$ 138,878

D. The methods and assumptions the Company used to measure fair value are as follows:

The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Gold account
Market quoted price	Closing price	International gold price

E. For the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 and transfers into or out from Level 3.

(4) Other information

The Company has assessed that the Covid-19 pandemic has no significant adverse effect on its overall operating activities and financial statements for the year ended December 31, 2022. However, the Company will continue to monitor the development of the Covid-19 pandemic and its impact on the macroeconomic environment.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: Please refer to table 1.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 3.

Onano Industrial Corp.

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

					Balance as at January 1, 2022		Addition		Disposal				Balance as at December 31, 2022	
Investor	Marketable securities	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Onano Industrial Corp.	Common share of the listed company-Taiwan Semiconductor Manufacturing Co., Ltd.	Note 1	-	-	$ -	$ -	$ 600,000	$ 392,363	$ 600,000	$ 302,559	$ 302,559	-	-	$ -

Note 1: The general ledger account is ‘financial assets at fair value through other comprehensive income’, its gain or loss on disposal is transferred to retained earnings directly.
Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Onano Industrial Corp.

Information on investees

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			Footnote
Onano Industrial Corp.	ONANO CO., LTD.	Seychelles	Investment in various business	$ 46,709	$ 46,709	1,500,240	100	$ 45,932	$ 5,104	$ 5,104	

Onano Industrial Corp.

Major shareholders information

December 31, 2022

Table 3

Name of major shareholders	Shares		
	Number of shares held (ordinary shares)	Number of shares held (preference shares)	Ownership (%)
Chen,Chun-Hsia	4,822,241	-	7.32%
E-Du Co., Ltd.	4,541,952	-	6.90%
MARUMI ELECTRONICS CORPORATION	3,915,239	-	5.95%
Hong-Cheng Investment Ltd.	3,594,580	-	5.46%
Wu,Rong-bin	3,361,121	-	5.10%

Note 1: (1) The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

(2) If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.